

3/27/78 [1]

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THE PRESIDENT'S SCHEDULE

Monday - March 27, 1978

4:00 Announcement of Urban Policy.
(20 min.) (Mr. Stuart Eizenstat) - The East Room.

1623

~~CONFIDENTIAL~~

THE WHITE HOUSE
WASHINGTON

March 27, 1978

Stu Eizenstat
Zbig Brzezinski

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

REFUGEE POLICY

cc: The Vice President


Bob Lipshutz

Frank Moore

Jim McIntyre

DECLASSIFIED
E.O. 12356, SEC. 3.4(b)
WHITE HOUSE GUIDELINES, FEB. 24, 1983
BY [Signature] NARS, DATE 5/1/90

THE WHITE HOUSE
WASHINGTON



<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

ACTION	FYI	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	MONDALE
<input type="checkbox"/>	<input type="checkbox"/>	COSTANZA
<input checked="" type="checkbox"/>	<input type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	<input type="checkbox"/>	JORDAN
<input checked="" type="checkbox"/>	<input type="checkbox"/>	LIPSHUTZ
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<input type="checkbox"/>	<input type="checkbox"/>	POWELL
<input type="checkbox"/>	<input type="checkbox"/>	WATSON
<input checked="" type="checkbox"/>	<input type="checkbox"/>	McINTYRE
<input type="checkbox"/>	<input type="checkbox"/>	SCHULTZE

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day	

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input checked="" type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	GAMMILL

<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	MOE
<input type="checkbox"/>	PETERSON
<input type="checkbox"/>	PETTIGREW
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WARREN

~~CONFIDENTIAL~~

THE WHITE HOUSE

WASHINGTON

CONFIDENTIAL - GDSACTION

March 18, 1978

MEMORANDUM FOR: THE PRESIDENT

FROM: ZBIGNIEW BRZEZINSKI *23*
STU EIZENSTAT *Stu*

SUBJECT: Refugee Policy

On February 27 you asked us to develop a comprehensive refugee policy. Since then, NSC, the Domestic Policy Staff, State, Justice, OMB and HEW staffs have met, and this memorandum presents decisions based on three agreed-upon assumptions.

- ° New legislation is needed to regularize and make more efficient the process by which refugees are admitted into the United States.
- ° The U.S. has a continuing obligation within limits to assist refugees escaping from Indochina.
- ° The provision of Federal assistance to refugees is appropriate to help in their absorption into American society.

I. A Comprehensive Policy and Legislation

A. Policy Elements. There is general agreement among the agencies on the basic policy. It could be implemented through testimony on and proposed amendments to the Eilberg and just-introduced Kennedy bills or, if necessary, through an Administration legislative initiative.

- ° Definition -- The definition of refugee should be broadened to more closely conform to the UN definition, thereby freeing our acceptance of refugees from geographic or ideological limitations. The current law limits conditional entry just to refugees fleeing Communist regimes or Middle East countries. Actual admittance of refugees into the United States would be limited to those of special concern to the U.S.

CONFIDENTIAL-- GDS*Aug 31/90*~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

Refugee Acceptance -- Legislation should provide for the acceptance of refugees whose entry into the United States can be foreseen (normal flow) and for the acceptance of refugees whose entry cannot be foreseen (emergent conditions). If we continue to assist those Indochinese refugees we have helped in the past, the normal flow for all refugees of special concern to the United States could be as high as 50,000 per year. This increase of 30,000 in foreseen admissions over what is provided for in current law would raise total authorized annual immigration from 290,000 to 320,000, but would be offset by elimination of the present procedure of using the parole to accommodate foreseen refugee flows.

*Seems higher
than this
memo later
indicates*

Consultations -- The Administration would be prepared on a voluntary basis to report to the Congress on the allocation of the normal flow authority and to provide updates on progress during the year. Consultations with the Congress would be mandatory before unforeseen group admissions could be undertaken. This posture would give up some of the authority vested in the President by the current law; however, the agencies, particularly Justice, feel that the admission of groups of refugees requires the early involvement of Congress.

Retention of Parole -- Parole authority should be retained for the unlikely event of an emergency evacuation direct from a country in crisis to the United States, for the individual admission of political "persecutees" who do not meet the definition of refugee because they are in their own country of nationality, and for individuals.

ok

Joint Commission -- The most recent draft of the Eilberg bill also proposed a mixed Executive/Legislative Commission to study all aspects of U.S. immigration and refugee policy and to make recommendations for changes. In the past, Congress has tended to pass immigration legislation with little reference to the Executive Branch; thus the establishment of such a commission by the Congress is viewed by all agencies as a positive step. In your consideration of the undocumented alien policy, you rejected such a commission and requested that an Inter-agency Task Force be established, instead. We request that you reconsider your previous decision. The Inter-agency Task Force is still in the formative stage and could easily be assimilated by such a commission.

*Why still in
formative stage
after all these
months? If we can't
act, maybe
we should let
Congress do it.*

CONFIDENTIAL - GDS

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

We recommend that you approve this policy framework.

Approve ☒ Disapprove ☐

B. Invoking Unforeseen Group Admission Procedures. The principal unresolved issue concerning U.S. acceptance limits is the conditions under which unforeseen group admission procedures previously embodied in the parole power could be invoked. We need your guidance to prepare Administration testimony and to establish a clear legislative history on this issue. There are two basic options:

1. Retain the power to invoke such procedures whenever the allocation of normal flow authorizations becomes insufficient and a build-up of refugees of concern to the U.S. results. (Supported by State and NSC.) This option recognizes that the U.S. stance on human rights precludes a less forthcoming posture. Kennedy would probably attempt to block legislation which greatly restricted what he views as Executive flexibility in this regard. This option would permit a continued flexible policy of responding to refugee flows exceeding normal flow provisions of the law when deemed in the public interest. (This has been done in the past with Cuban, Soviet and Indochinese refugees through the parole authority.)
2. Invoke such procedures only in emergency situations for refugee flows which cannot be foreseen. (Supported by the Domestic Policy Staff and OMB.) This option would place a ceiling on normal flow refugees accepted by the U.S. Any group admissions over the ceiling, would have to be the result of new unforeseen emergency conditions. For example, if the normal flow ceiling is reached and Indochinese refugees continue to accumulate at the present rate in Thailand, we would not accept any more until the next year. However, if the accumulation was caused by an unforeseen circumstance, they could be admitted under this emergent group procedure. This option is in accordance with the views of Senator Eastland and Congressman Eilberg. It clearly states what the U.S. is willing to do under normal circumstances, and thus encourages the International agencies and other countries to assist those in excess of our limit, but permits us to act swiftly when an emergency arises.

YOUR DECISION

☐ Option 1 ☒ Option 2

~~CONFIDENTIAL~~ - GDS

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~ - GDS

4

II. Indochinese Refugees

A. Whom to Accept. All agencies agree that the United States should limit its future acceptance to the same two classes of Indochinese refugees that we have accepted in the past -- boat cases without offer of resettlement and land refugees closely associated with the U.S. If we were to accept all such cases, State estimates that about 25,000 refugees per year over the next several years would qualify. Such a program would have broad public support confirmed in recent editorials and letters to you.

State Department resettlement costs are based on \$1,000 per refugee (Transportation - \$500, Administration - \$100, Resettlement Grant - \$400). The HEW domestic assistance costs are based on an extension of the current program until 1981 when the Administrations's welfare reform proposal is to be implemented. The Indochinese refugees arriving in each of the next three years would constitute a cohort whose special assistance would be provided on the same four-year phase-out schedule as the current program. The States would identify the refugees in each year to determine the reimbursement base.

The estimated additional costs of such an acceptance program for Indochinese are summarized in the following table.

Costs Additive to Current Budget Estimates
(millions of dollars)

	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>Totals</u>
State Resettlement Costs for Indochinese Refugees (25,000/year)	25.0	25.0	25.0	75.0
HEW Indochinese Refugee Assistance Program (25,000/year)	<u>15.0</u>	<u>25.0</u>	<u>40.0</u>	<u>80.0</u>
TOTALS	40.0	50.0	65.0	155.0

We recommend that you approve a continuing commitment to these two classes of Indochinese refugees.

Approve ✓ Disapprove _____

~~CONFIDENTIAL~~ - GDS

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

B. Authority to Accept Additional Indochinese and Other Refugees. Until new legislation is passed, the only authority available to admit Indochinese and other refugees for which normal entry numbers are not available is the parole. Legislation could pass by the end of this session; however, most estimates place passage at least a year away. The following factors bear on your consideration of whether and how to use the parole authority until legislation is passed.

- ° The Indochinese flow is estimated at 25,000 per year, and up to 5,000 additional parole numbers will be needed for Eastern European and Russian Jews before the end of the year.
- ° Congressional sentiment is mixed; Eastland and Eilberg oppose use of the parole for foreseen refugee flows, particularly Indochinese, while Kennedy, Cranston and Jackson all support a forthcoming policy toward Indochinese and other refugees, including use of the parole authority. The acceptability of any parole you propose will be enhanced since it will be presented in conjunction with support for new legislation.
- ° The Attorney General feels strongly that the continued admission of normal flow refugees should be expressly authorized by statute, or perhaps as time and need dictate, by Congressional resolution expressing the sense of Congress for an additional interim group admission of some number.

The options for the interim period include:

1. Request a parole which accepts Indochinese refugees limited to those who fit into the two classes identified above on a continuing basis until new legislation is in place. (Supported by State and the NSC.) This option has the advantage of providing long-term guaranteed acceptance to those whom we want to help. It avoids the problems with the Congress, encountered when it becomes necessary to go back for repeated uses of the parole authority when numbers in each ad hoc parole are exhausted. Additional parole numbers to accommodate Eastern European and Russian Jews would also be requested.
2. Request a parole of 3,000 per month (roughly 2,000 for Indochinese and 1,000 for Eastern European and Russian Jews) beginning in April on a cumulative basis to accommodate all refugees for which normal entry numbers are

~~CONFIDENTIAL~~

~~for Presentation Purposes~~

not available until new legislative authority is available. (Offered as a compromise proposal. No Agency's first choice.) This option would establish a limit and regularize the acceptance of refugees as an interim measure. It should allow the U.S. to accommodate all refugees of concern unless escape rates from the Soviet Union or Indochina were to increase dramatically.

3. Request a parole of a fixed number of Indochinese over a stated period, say 25,000 over the next 12 months (State's estimate of one year's expected flow), to provide for an orderly program until legislation passes. A separate parole of 5,000 numbers would be requested for Eastern European and Russian Jews. (Supported by the Domestic Policy Staff and OMB.) By paroling a specific number, this option is similar to the form legislation is likely to take, a specific number with consultations required should the number prove inadequate. If legislation does not pass before these numbers are exhausted, subsequent paroles would be necessary; if legislation passes quickly, any unused numbers would lapse.
4. No further use of the Attorney General's discretionary parole authority for the admission of anticipated Indochinese or other refugees. (Supported by Justice.) This option is consistent with the view that the statutory parole authority expressly applies only to "emergent" situations or for reasons deemed strictly in the public interest. And its continued ad hoc use for group admissions of refugees whose flow is anticipated and predictable is in the view of several key members of Congress (most notably Senator Eastland) an encroachment on the Constitutional Article I plenary power of Congress to regulate immigration. Continued acceptance of normal flow refugees would be a matter to be worked out with the Congress.

YOUR DECISION

☒ Option 1 *with maximum as in option 3*
☐ Option 2
 ☐ Option 3
 ☐ Option 4

C. A Possible Initiative for the Vice President's Trip. Over 100,000 land refugees have accumulated in Thailand. They are being kept in deplorable conditions in camps there. The long-term solution to that build-up must include acceptance of a considerable number of those refugees by the international community, and financial assistance to the Thais to resettle the remainder in Thailand permanently. All agencies concur in requesting your authorization to review this question as a possible initiative for the Vice President's trip to East Asia in April. His trip presents a unique opportunity to move the Thais toward a more forthcoming position on resettlement. If you approve, we will begin urgent staffing and raise the issue with the Vice President.

Approve ☒ Disapprove ☐

~~CONFIDENTIAL~~ - GDS*no decision yet*

ID 781623

THE WHITE HOUSE
WASHINGTON

DATE: 23 MAR 78

FOR ACTION: FRANK MOORE (LES FRANCIS)

INFO ONLY: THE VICE PRESIDENT

BOB LIPSHUTZ

JODY POWELL

JACK WATSON

JIM MCINTYRE

SUBJECT: ~~CONFIDENTIAL~~ BRZEZINSKI EIZENSTAT MEMO REFUGEE POLICY

+++++
+ RESPONSE DUE TO BERT CARP +
+ BY: 1200 PM SATURDAY 25 MAR 78 +
+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

THE PRESIDENT HAS SEEN

THE WHITE HOUSE
WASHINGTON

March 27, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON *Jack*

SUBJECT: Urban Policy Announcement

For your information, I have attached lists of those individuals invited to today's announcement. Also attached is a copy of the booklet you requested.

Because there are so many distinguished public and private officials in the audience, I don't think it would be wise to try to single any of them out for recognition.

Attachment

MONDAY, March 27, 1978

URBAN POLICY BRIEFING--MEMBERS OF CONGRESS

ATTENDEES

James Blanchard

Lindy Boggs

Norman D'Armours

Frank Evans

Walter Fauntroy

William Green

George Hansen

Michael Harrington

Carroll Hubbard

John La Falce

Stewart McKinney

Andrew Maguire

James Mattox

William Moorhead

Benjamin Rosenthal

Paul Simon

Arlan Stangeland

Bruce Vento

MONDAY, March 27, 1978

1:15 p.m. URBAN POLICY BRIEFING (450 OEOB)--MAYORS & LOCAL GOVMT

ATTENDEES

Lee Alexander (Mayor of Syracuse, NY)

Wayne Anderson (Executive Director, ACIR)

Thomas Armstrong (DoL, Region VI Representative)

William Arntz (Western Federal Regional Council Chairperson)

Ivan Ashley (New England Federal Regional Council Chairperson)

William O. Beach (Judge, Montgomery Co., Tennessee)

Alan Beals (Executive Director, NLC)

Abraham Beame (Chairman of ACIR)

Eckardt Beck (Federal Regional Council Chairperson)

Michael Bilandic (Mayor of Chicago)

Calvin Black (Commissioner, San Juan Co., Utah)

Helen G. Boosalis (Mayor of Lincoln, Nebraska)

Richard Caliguiri (Mayor of Pittsburgh, Pa)

Nicholas Carbone (Council Member, Hartford, Conn.)

Thomas Clark (Mayor, Long Beach, California)

Stanley Cmich (Mayor of Canton, Ohio)

Lila Cockrell (Mayor of San Antonio, Texas)

Joanne Collins (Council Member, Kansas City, Missouri)

James Conway (Mayor, St. Louis, Missouri)

Sara Craig (S. E. Federal Regional Council Chairperson)

Ann Crichton (Mayor, Decatur, Ga)

Floyd Decker (Executive Director, Assn. of Idaho Cities)

Alfred Del Bello (County Executive, Westchester Co., NY)

Louis De Mars (Alderman, Minneapolis, Minn.)

Francis Duehay (Council Member, Cambridge, Mass.)

Philip Elfstrom (Commissioner, Kane Co., Ill.)

Maurice Ferre (Mayor of Miami, Florida)

Gerald Fisher (Supervisor, Albemarle Co., Va.)

John Franke (Commissioner, Johnson Co., Kansas)

Richard Fulton (Mayor of Nashville, Tennessee)

Kenneth Gibson (Mayor of Newark, New Jersey)

B. Kenneth Greider (Ex. Dir., Pa. State Ann. of Township Supervisors)

John Gunther (Executive Director, USCM)
 William Hanna (Mayor of Rockville, Md.)
 Richard Hartman (Ex. Dir., Natl Assn. of Regional Councils)
 Richard Hatcher (Mayor of Gary, Ind.)
 Max Heller (Mayor, Greenville, S.C.)
 Bernard Hillenbrand (Ex. Dir., Natl Assn. of Counties)
 Arthur Holland (Mayor, Trenton, N.J.)
 William Hudnut (Mayor, Indianapolis, Ind.)
 Mark Keane (Ex. Dir., ICMA)
 Bernard Kelly (Federal Regional Council Chairperson--Region X)
 John Kemp (Federal Regional Council Chairperson--Region VII)
 Robert Kipp (President, ICMA)
 John Klein (County Executive, Suffolk Co., N.J.)
 Dennis Kucinich (Mayor of Cleveland, Ohio)
 Moon Landrieu (Mayor of New Orleans, La.)
 George Lattimer (Mayor of St. Paul, Minn.)
 Frank Logue (Mayor of New Haven, Conn.)
 Henry Maier (Mayor of Milwaukee, Wis.)
 Thomas Maloney (Mid-Atlantic Federal Regional Council Chairperson)
 Henry Marsh (Mayor of Richmond, Va.)
 James McGee (Mayor of Dayton, Ohio)
 William McNichols (Mayor of Denver, Col.)
 Betty Miller (Federal Regional Council Chairperson--Region VIII)
 Tom Moody (Mayor of Columbus, Ohio)
 Daniel Murphy (Co. Ex., Oakland Co., Mich.)
 Arthur Naparstek (Dir., Washington Public Affairs Center)
 Mary Neuhauser (Council Member, Iowa City, Iowa)
 Hernan Padilla (Mayor of San Juan, Puerto Rico)
 Terrence Pitts (Supervisor, Milwaukee Co., Wis.)
 Jessie Rattley (Vice Mayor, Newport News, Va.)
 Cathy Reynolds (Council Member, Denver, Col.)
 Joseph Riley (Mayor of Charleston, S.C.)
 Walter Rockenstein (Alderman, Minneapolis, Minn.)
 John Rousakis (Mayor of Savannah, Ga.)

Charles Royer (Mayor of Seattle, Wash.)
Barton Russell (Ex. Dir., Natl Assn. of Towns & Townships)
Ray Salazar (Mayor of El Paso, Texas)
James Scott (Supervisor, Fairfax Co., Va.)
James Self (Council Member, San Jose, California)
Richard Smith (Council Member, Dallas, Texas)
Thomas Smith (Mayor of Jersey City, N.J.)
Paul Soglin (Mayor of Madison, Wis.)
William Stansbury (Mayor of Louisville, Ky.)
Roger Swisher (Mayor of the Town of Kenersville, N.C.)
David Vann (Mayor of Birmingham, Al)
Walter Washington (Mayor of Washington, D.C.)
Ilene Weinreb (Mayor of Hayward, California)
Albert Wheeler (Mayor of Ann Arbor, Michigan)
Charles Wheeler (Mayor of Kansas City, Missouri)
Warren Widener (Mayor of Berkeley, California)
Ted Wilson (Mayor of Salt Lake City, Utah)
Loren Wittner (Federal Regional Council Chairperson--Region V)
Coleman Young (Mayor of Detroit, Michigan)

ATTENDEES FROM DEPARTMENTS

Anne Wexler (Commerce)
Robert Hall (Commerce)
Robert Embry (H.U.D.)
Sue Foster (H.E.W.)

MONDAY, March 27, 1978

9:00 a.m. URBAN POLICY BRIEFING (308 OEOB) --BLACK BUSINESSMEN
and LEADERS

ATTENDEES

Eugene Baker (National Association of Black Manufacturers)
Berkeley Burrell (National Business League)
Burrell Graves (Black Enterprise Magazine)
Dorothy Height (National Council of Negro Women)
Carl Holman (National Urban Coalition)
Joseph Lowrey (Southern Christian Leadership Conference)
William Lucy (Coalition of Black Trade Unionists)
Clarence Mitchell (Leadership Conference on Civil Rights)
Bayard Rustin (A. Phillip Randolph Institute)
Eddie Williams (Joint Center for Political Studies)
Cong. Mitchell (Head of Black Congressional Caucus)

ATTENDEES FROM DEPARTMENTS

Robert Hall -- Dept. of Commerce
Larry Houstoun -- Dept. of Commerce
Carolyn Jefferson -- Dept. of Commerce
Yvonne Perry -- Dept. of HUD

MONDAY, March 27, 1978

1:15 p.m. URBAN POLICY BRIEFING (Labor/Business/Community)

ATTENDEES

Albert Abrahams (Natl Assn of Realtors)
Jeanne Barnett (DoL)
Carol Bellamy (President of City Council, N.Y.)
Joseph Benedict (U.S. League of Savings Associations)
Charles Bowscher (Arthur Anderson)
Maurice Bryan (American Textile Manufacturers Institute)
John Cheston (DoL)
Robert Chollar (Kettering Foundation)
Jacob Clayman (AFL-CIO; Industrial Union)
Vincent Clephas (Special Trade Rep.)
Sheldon Cohen (Attorney)
Jack Conway (United Way)
Mary Cooper (National Council of Churches)
Thomas Donohue (AFL-CIO)
John Douherty (Chase Manhattan Bank)
Carlton Dukess (Natl Housing Rehabilitation Assn.)
Richard Eckfield (Kettering Foundation)
Pablo Eisenberg (Center for Community Change)
Coy Eklund (Equitable Life Assurance Society of U.S.)
Russell Fitzgerald (Continental Bank)
Miles Friedman (Natl Council of Urban Economic Development)
Fred Fullner (AT & T)
Norwick Goodspeed (Natl Assn. of Mutual Savings Banks)
William Gorham (The Urban Institute)
Tom Grant (Natl Assn. of Realtors)
Vondal Gravlee (Natl Assn. of Home Builders)
Evald Gustavson (Southern New England Telephone Co.)
Charles Haar (Professor; Harvard Law School)
Aaron Henry (Natl Rural Housing Coalition)
Terry Herndon (Natl Education Assn.)

Brian Hinman (National Neighbors)
 Samuel Husk (Council of Great City Schools)
 Fred Israel (Attorney)
 Robert Keefe (International Management Consultants)
 James King (Kettering Foundation)
 Saul Klamman (National Assn. of Mutual Savings Banks)
 S. Lee Kling (Landmark Bancshares)
 Edwin Knauft (AETNA Life Insurance Co.)
 Greta Kotler (Natl. Congress of Neighborhood Women)
 Milton Kotler (Natl. Assn. of Neighborhoods)
 James Kunde (Kettering Foundation)
 Francis Lally (U.S. Catholic Conference)
 Peggy Lampl (League of Women Voters)
 James Langford (Coca-Cola Co.)
 Charles Lees (Peat, Marwick, and Mitchell)
 Richard Leshner (Chamber of Commerce of U.S.)
 Donald Levin (Natl. Leased Housing Association)
 Philip LoPresti (Natl. Congress for Community Economic Development)
 Robert Maffin (Natl. Assn. of Housing and Redevelopment Officials)
 Richard Nathan (The Brookings Institution)
 Anthony Nicholas (City National Bank)
 John Opperman (Mortgage Bankers Assn.)
 Rudolph Oswald (AFL-CIO)
 Lawrence Phillips (Phillips Van Husen)
 H. Jack Pontius (Natl. Assn. of Realtors)
 John Portman (John Portman & Co.)
 A. Byron Reed (Munsingswear, Inc.)
 William Renner (ALCOA)
 Mark Riedy (Mortgage Bankers Assn.)
 James Rouse (The Rouse Company)
 John Ryor (Natl. Education Assn.)
 John Sasso (Natl. Assn. of Community Development)
 Henry Schechter (AFL-CIO)

Robert Scheerschmidt (Xerox)
 Stephen Schlossberg (UAW)
 Irving Shapiro (DuPont Chemicals)
 Henry Siegman (Synagogue Council of America)
 Walter Smart (Natl. Federation of Settlement Houses
 and Neighborhood Centers)
 Wayne Smithey (Ford Motor Co.)
 David Stahl (Natl. Assn. of Home Builders)
 Thomas Stanton (First Jersey National Bank)
 Richard Syron (Federal Reserve Bank of Boston)
 A. Alfred Taubman (Builder in Detroit, Michigan)
 Joseph Timilty (Natl. Commission on Neighborhoods)
 Robert Tisch (Loew's Corporation)
 Anthony Weinlein (AFL-CIO)
 Leo Wiener (Natl. Housing Conference)
 Barbara Williams (The Rand Corporation)
 * George Meany (AFL-CIO)

ATTENDEES FROM DEPARTMENTS

Larry Houstoun (Commerce)
 Yvonne Perry (HUD)
 Marshall Kaplan (HUD)

MONDAY, March 27, 1978

11:00 a.m. URBAN POLICY BRIEFING (474 OEOB)--GOVERNORS & LEGISLATORS

ATTENDEES

Fred E. Anderson (Colorado)

Douglas Bereuter (Nebraska)

Robert F. Bina (Iowa)

Jack A. Brizius (Director of Policy Research, NGA)

Brenda Byrne (Governor of New Jersey)

John Callahan (Dir. of Federal/State Relations, NCSL)

Benjamin Cardin (Maryland)

Sanford Cloud, Jr. (Connecticut)

George J. Cushingberry (Michigan)

Michael Dukakis (Governor of Massachusetts)

Arthur O. Eve (New York)

Stephen Farber (Ex. Dir., NGA)

Ella T. Grasso (Governor of Connecticut)

William Hamilton (New Jersey)

Richard Hodes (Florida)

Richard Lamm (Governor of Colorado)

Elaine Lyons (New Hampshire)

Earl Mackey (NSCL)

Tom McPherson (Florida)

Ned R. McWherter (Tennessee)

Ruthe Ridder (Washington)

James Ritter (Pennsylvania)

John D. Rockefeller (Governor of West Virginia)

James Thompson (Governor of Illinois)

ATTENDEES FROM DEPARTMENTS

Anne Wexler (Commerce)

Larry Houstoun (Commerce)

Wyndham Clarke (HUD)

Yvonne Perry (HUD)

Sue Foster (HEW)

THE WHITE HOUSE
WASHINGTON

March 27, 1978

Stu Eizenstat
Bob Linder

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed original has been given to Bob Linder for appropriate handling.

Rick Hutcheson

cc: Bob Linder

cc: Frank Moore

CB RADIO IMPORT RELIEF CASE

Last Day - Monday, April 3, 1978

THE WHITE HOUSE
WASHINGTON

March 24, 1978

*oh - but
economically it's
a mistake*

FE

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *SE*
SUBJECT: CB Radio Import Relief Case

PROBLEM

In this escape clause case for the CB radio industry, three ITC Commissioners recommended increased tariffs (a five-year remedy involving an increase of 30 percentage points in the first year) and three recommended adjustment assistance. No matter what action you take in this case, your decision will be subject to the possibility of a Congressional override.

BACKGROUND

The CB radio industry has undergone a boom-bust cycle since 1972. Total sales (both domestic production and imports) increased from \$47 million in 1972 to \$940 million in 1976 and then fell off to roughly \$500 million in 1977. The dollar volume of domestic production increased ten fold from 1972 to 1976 and the dollar volume of imports increased over twenty times. Even in the smaller market of 1972, imports (most of which come from Japan) accounted for almost 80 percent of domestic consumption; the penetration ratio is now over 90 percent.

By 1977, the CB boom had turned to bust (due to declining demand, domestic and foreign overproduction, and new technical requirements promulgated by the FCC): all domestic and foreign manufacturers lost money and many went bankrupt. The inventory accumulation in the U.S. alone is sufficient to supply six to twelve months of consumption at the current rates. There are presently seven U.S. manufacturers of CBs (two of which account for 85 percent of U.S. production) and less than 800 CB workers (down from 3,300 in 1976).

ID 781629

THE WHITE HOUSE

WASHINGTON

DATE: 23 MAR 78

FOR ACTION: STU EIZENSTAT

ZBIG BRZEZINSKI

FRANK MOORE (LES FRANCIS)

INFO ONLY: THE VICE PRESIDENT

JIM MCINTYRE

JACK WATSON

CHARLIE SCHULTZE

SUBJECT: STRAUSS MEMO RE CITIZENS BAND RADIO IMPORT RELIEF CASE
LIMITED OFFICIAL USE

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1200 PM SATURDAY 25 MAR 78 +
+++++

ACTION REQUESTED: STU PLEASE PREPARE SHORTER VERSION OF DECISION MEMO

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

The back-up is classified
Bunch of letters need typing

** Must go
in Sun pm*

*X
Secret Rpt
in Safe*

*(including
read) 8 pm*

concur w/ SE

THE WHITE HOUSE
WASHINGTON

March 27, 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

STU EIZENSTAT

Stu

SUBJECT:

Urban Policy Message

Attached is a draft of the Urban Policy Message
for your approval. It has been reviewed by
Jim Fallows' staff.

*Stu -
No time to read -
Double check it
JC*

TO THE CONGRESS OF THE UNITED STATES:

I submit today my proposals for a comprehensive national urban policy. These proposals set a policy framework for actions my Administration has already taken, for proposed new initiatives, and for our efforts to assist America's communities and their residents in the years to come. The policy represents a comprehensive, long-term commitment to the Nation's urban areas.

The urban policy I am announcing today will build a New Partnership involving all levels of government, the private sector, and neighborhood and voluntary organizations in a major effort to make America's cities better places in which to live and work. It is a comprehensive policy aimed both at making cities more healthy and improving the lives of the people who live in them.

The major proposals will:

- Improve the effectiveness of existing Federal programs by coordinating these programs, simplifying planning requirements, reorienting resources, and reducing paperwork. And the proposals will make Federal actions more supportive of the urban policy effort and develop a process for analyzing the urban and community impact of all major Federal initiatives.

- Provide employment opportunities, primarily in the private sector, to the long-term unemployed and the disadvantaged in cities. This will be done through a labor-intensive public works program and tax and other incentives for business to hire the long-term unemployed.

- Provide fiscal relief to the most hard-pressed communities.

- Provide strong incentives to attract private investment to distressed communities, including the creation of a National Development Bank, expanded grant programs and targeted tax incentives.

- Encourage States to become partners in assisting urban areas through a new incentive grant program.

- Stimulate greater involvement by neighborhood organizations and voluntary associations, through funding neighborhood development projects and by creating an Urban Volunteer Corps. These efforts will be undertaken with the approval of local elected officials.

- Increase access to opportunity for those disadvantaged by economic circumstance or history of discrimination.

- Provide additional social and health services to disadvantaged people in cities and communities.

- Improve the urban physical environment and the cultural and aesthetic aspects of urban life by providing additional assistance for housing rehabilitation, mass transit, the arts, culture, parks and recreation facilities.

America's communities are an invaluable national asset. They are the center of our culture, the incubators of new ideas and inventions, the centers of commerce and finance, and the homes of our great museums, libraries and theatres. Cities contain trillions of dollars of public and private investments -- investments which we must conserve, rehabilitate and fully use.

The New Partnership I am proposing today will focus the full energies of my Administration on a comprehensive, long-term effort. It will encourage States to redirect their own resources to support their urban areas more effectively. It will encourage local governments to streamline and coordinate their own activities. It will offer incentives to the private sector to make new investments in economically depressed communities. And it will involve citizens and neighborhood and voluntary organizations in meeting the economic and social needs of their communities.

The need for a New Partnership is clear from the record of the last fifteen years. During the 1960's, the Federal government took a strong leadership role in responding to the problems of the cities. The Federal government attempted to identify the problems, develop the solutions and implement the programs. State and local governments and the private sector were not sufficiently involved. While many of these programs were successful, we learned an important lesson: that the Federal government alone has neither the resources nor the knowledge to solve all urban problems.

An equally important lesson emerged from the experience of the early 1970's. During this period, the Federal government retreated from its responsibilities, leaving States and localities with insufficient resources, interest or leadership to accomplish all that needed to be done. We learned that States and localities cannot solve the problems by themselves.

These experiences taught us that a successful urban policy must build a partnership that involves the leadership of the Federal government and the participation of all levels of government, the private sector, neighborhood and voluntary organizations and individual citizens.

PRIOR ACTIONS

The problems of our Nation's cities are complex and deep-seated. They have developed gradually over a generation as a result of private market and demographic forces and inadvertent government action; and the problems worsened markedly during the early 1970's.

These problems cannot be solved overnight or even over several years. They can be solved only by the long-term commitment which I offer today, and by the efforts of all levels of government, the private sector and neighborhood and voluntary organizations.

For my Administration, this commitment began on the day I took office and it will continue throughout my Presidency. With the cooperation of Congress, my Administration has already provided substantial increases in funding in many of the major urban assistance programs. Total assistance to State and local governments has increased by 25 percent, from \$68 billion in FY 1977 to \$85 billion in FY 1979. These increases are the direct result of actions we have taken during the past 14 months. They are as much a part of my Administration's urban policy as the initiatives which I am announcing today. Some of the most important programs have already been enacted into law or proposed to the Congress. These include:

- A \$2.7 billion increase over three years in the Community Development Block Grant Program, accompanied by a change in the formula to provide more assistance to the older and declining cities.

- A \$400 million a year Urban Development Action Grant Program providing assistance primarily to distressed cities.

- An expansion of youth and training programs and an increase in the number of public service employment jobs, from 325,000 to 725,000. Expenditures for employment and training doubled from FY '77 to FY '79 to over \$12 billion.

- A \$400 million private sector jobs proposal has been included in my proposal to reauthorize the CETA legislation. This initiative will encourage private businesses to hire the long-term unemployed and the disadvantaged.

- A sixty-five percent increase in grants provided by the Economic Development Administration to urban areas.

- A thirty percent increase in overall Federal assistance to education, including a \$400 million increase in the Elementary and Secondary Education Act, targeted in substantial part to large city school systems with a concentration of children from low-income families.

- An economic stimulus package enacted last year, (Anti-Recession Fiscal Assistance, Local Public Works and CETA) which provided almost \$9 billion in additional aid to States and cities.

- A welfare reform proposal which, upon passage, will provide immediate fiscal relief to State and local governments.

- A doubling of outlays for the Section 312 housing rehabilitation loan program.

- Creation of a consumer cooperative bank which would provide financing assistance to consumer cooperatives which have difficulty obtaining conventional financing.

IMPROVEMENTS IN EXISTING PROGRAMS

The Administration's Urban and Regional Policy Group (URPG) has examined all of the major urban assistance programs and proposed improvements. It also has worked with agencies traditionally not involved in urban policy, such as the Defense Department, the General Services Administration, and the Environmental Protection Agency, and has developed proposals to make their actions more supportive of urban areas. As a result of this massive effort, the Federal government has become more sensitive to urban problems and more committed to their solutions.

The review of existing Federal programs has resulted in more than 150 improvements in existing programs. Most of these improvements can be undertaken immediately through administrative action. Some of them may require legislation. None will increase the Federal budget.

A few examples of the improvements are:

- All agencies will develop goals and timetables for minority participation in their grants and contracts -- five major agencies have already begun.
- The Defense Department will set up a new program to increase procurement in urban areas.
- EPA will modify its water and sewer program to discourage wasteful sprawl.
- HUD has retargeted the Tandem Mortgage Assistance Program to provide greater support for urban housing.
- The existing countercyclical fiscal assistance program will be retargeted to help governments with unemployment rates above the national average.

- HUD and EDA are developing common planning and application requirements.

- The General Services Administration will attempt to locate Federal facilities in cities whenever such a location is not inconsistent with the agency's mission.

- The Department of Transportation has proposed legislation to consolidate many categories of urban highway and transit grants, and to standardize the local matching share. These steps will provide local governments with greater flexibility to develop transportation systems suited to their needs.

- The Environmental Protection Agency will amend its regulations to accommodate new economic development in high pollution areas. Localities will be permitted to "bank" reductions in pollution which result from firms going out of business. These reductions then can be transferred to new firms locating in the community.

The effect of all these changes may be greater than even the substantial new initiatives which I have proposed in this message.

NEW INITIATIVES

The new initiatives which I am announcing today address five major urban needs:

- 1) Improving the operation of Federal, State and local governments.
- 2) Employment and Economic Development
- 3) Fiscal Assistance
- 4) Community and Human Development
- 5) Neighborhoods and Voluntary Associations

The new initiative I am proposing today asks for \$4.4 billion in budget authority, \$1.7 billion in new tax incentives, and \$2.2 billion in guaranteed loan authority in FY 1979. For FY 1980 the budget authority will be \$6.1 billion, the tax incentives \$1.7 billion and the guaranteed loan authority \$3.8 billion.

I. IMPROVING THE OPERATION OF FEDERAL, STATE AND LOCAL GOVERNMENTS

Federal Programs

Over the long run, reorganization of the economic and community development programs may be necessary. Last June, I directed my reorganization project staff in the Office of Management and Budget to begin exploring the reorganization options. They have completed the first stages of this work.

During the next several months, they will consult with the Congress, State and local officials and the public to develop the best solution.

There are several actions I will take immediately.

(1) Urban and Community Impact Analysis

I am implementing a process through my Domestic Policy Staff (DPS) and Office of Management and Budget (OMB) to ensure that we do not inadvertently take actions which contradict the goals of the urban policy. Each agency submitting a major domestic initiative must include its own urban and community impact analysis. DPS and OMB will review these submissions and will ensure that any anti-urban impacts of proposed Federal policies will be brought to my attention.

(2) Interagency Coordinating Council

To improve program coordination, I will form an Interagency Coordinating Council, composed of the Assistant Secretaries with major program responsibilities in the key urban departments. The Council will have two functions:

It will serve as a catalyst for operational improvements which cut across Departments (for example, instituting uniform grant applications); and it will encourage interagency cooperation on projects which are too large or too complex to be funded by one agency. This Council will, for the first time,

provide a coordinated Federal response to communities which develop comprehensive and multi-year projects. It will have direction from the Executive Office of the President.

(3) Consolidating Planning Requirements and Other Management Improvements

We soon will announce the consolidation of intra-agency planning requirements. I have asked the Director of the Office of Management and Budget to direct an interagency task force to improve the management of Federal grant-in-aid programs and consolidate the numerous planning requirements in the community and economic development grant programs.

(4) Improved Data and Information

I have asked the Secretary of Commerce, in her capacity as Chair of the Statistical Policy Coordination Committee, to design an improved urban data and information system. At the present time much of this data is inadequate or out of date.

The Role of State Governments

State government policies, even more than Federal policies, are important to the fiscal and economic health of cities. States affect their cities in a number of ways, including setting taxation and annexation powers, determining the placement of major development investments and apportioning the financial responsibility for welfare and education expenditures.

The Federal government has little or no control over these developments, all of which clearly affect the economic and fiscal health of cities and communities.

These State responsibilities underscore the need for an urban policy which includes the States as full and equal partners. The effectiveness of our urban policy will be enhanced if the States can be encouraged to compliment the Federal effort.

State Incentive Grants

To encourage States to support their urban areas, I will offer a new program of State incentive grants. These grants will be provided, on a discretionary basis, to States which adopt plans to help their cities and communities. The plans must be developed with the participation and approval of communities within the State. The grants will be provided to the States to finance a portion of the plan. The State Incentive Grant Program will be administered by HUD and will provide \$400 million over two years.

Local Government Role

Many communities and cities can improve management and planning improvements by reforming fiscal management practices, streamlining local regulatory procedures, and coordinating local community and economic development activities.

The Federal government provides planning and technical assistance to communities through HUD and Commerce to help cities improve their management and planning practices. These funds will be used increasingly to build the local government's capacity to undertake the necessary fiscal and management reforms.

The Federal government will offer special consideration in discretionary programs to cities which achieve coordinated action at the local level.

II EMPLOYMENT AND ECONOMIC DEVELOPMENT

A serious problem that most cities and communities face is a shortage of jobs for the community's residents and a shortage of business to build the community's tax base.

The urban policy will address this issue in two ways.

In the short run, it will provide additional employment opportunities through a labor-intensive public works program, a targeted employment tax credit, and a private sector training and jobs initiative to encourage businesses to hire the hard-core unemployed, together with the extension of employment and training opportunities of public service jobs under the CETA Act.

In the long run, the policy attempts to rebuild the private sector economic base of these communities through

a National Development Bank, a special tax incentive, an increase in economic development grants and other incentives.

Labor Intensive Public Works

I ask Congress for \$1 billion a year for the next three years for a program of labor-intensive public works, targeted on communities with high unemployment. Half of the estimated 60,000 full-time equivalent jobs created annually by this program will be reserved for the disadvantaged and the long-term unemployed. These workers will be paid at Davis-Bacon trainee wage levels.

This program will enable cities to make needed repairs on buildings, streets, parks, and other public facilities.

In contrast to the Local Public Works program - which involves projects which require large equipment and material expenditures and require a prolonged planning period - more of the funds under this labor-intensive program will go to job creation.

Targeted Employment Tax Credit

I also propose a Targeted Employment Tax Credit to encourage business to hire disadvantaged young workers between the ages of 18 and 24 who suffer the highest unemployment rates in the Nation.

Under the Targeted Employment Tax Credit program, private employers of young and disadvantaged, or handicapped, workers

would be entitled to claim a \$2,000 tax credit for each eligible worker during the first year of employment and a \$1,500 credit for each eligible worker during the second year.

I am proposing this Targeted Employment Tax Credit as a substitute for the expiring Employment Tax Credit. The current program costs \$2.5 billion a year and has had little influence on hiring decisions. The Administration's targeted program will cost approximately \$1.5 billion a year, with far greater impact.

Location of Federal Facilities

I will sign a new Executive Order directing the General Services Administration to give first priority to cities in locating new Federal facilities or consolidating or re-locating existing facilities. Under my Administration, Federal facilities will be located in cities, unless such a location is inconsistent with the facility's mission.

Federal buildings and facilities can be an important source of jobs and of rental payments and, in many cities, a principal stabilizing force preventing decline.

The Federal government should set an example for the private sector to invest in urban areas.

Federal Government Procurement

To assure that Federal procurement is used to strengthen

the economic base of our Nation's cities and communities, I will:

- strengthen the implementation of the existing procurement set-aside program, by directing the General Services Administration to work with each agency to develop specific procurement targets and to monitor their implementation. GSA will report to me every six months on the progress of each Agency;

- ask the Defense Department to implement an experimental program to target more of its procurement to high unemployment areas.

National Development Bank

I propose the creation of a National Development Bank, which would encourage businesses to locate or expand in economically distressed urban and rural areas. The Bank would be authorized to guarantee investments totaling \$11 billion through 1981.

To lower operating costs in urban areas, the Bank would provide long-term, low-cost financing which, in conjunction with expanded grant programs administered by HUD and EDA, will reduce a firm's financing costs by up to 60 percent.

The Bank uses four major financing tools:

- Grants of up to 15 percent of a firm's total capital cost, to a maximum \$3 million, for fixed assets of a project. The grants, which would be made under expanded EDA and HUD authorities, would cover expenditures for land assembly, site preparation, rehabilitation, and equipment.

- Loan guarantees, provided by the Bank to cover three-quarters of the remaining capital costs up to a maximum of \$15 million per project. The Bank could, at its discretion, reduce the interest rate down to two and one-half percent for particularly desirable projects. Bank financing would be conditioned on obtaining 21 percent of the project's total costs from private lenders.

- The ceiling for industrial reserve bonds in economically distressed areas would be increased from \$5 to \$20 million with the approval of the Bank. A business which used this financing for a project could also receive a grant.

- The Bank also will provide a secondary loan market for private loans in eligible areas to finance capital expenditures. This will be particularly beneficial to small businesses.

Bank projects will require the approval of State or local government economic development entities, which would be responsible to the elected local leadership. Distressed urban and rural areas would be eligible. Additional employment would be a key test of project eligibility.

✓ The Bank will be an interagency corporation, governed by a Board composed of the Secretaries of HUD, Commerce and the Treasury. This will ensure coordination between the major economic, community development and urban finance agencies of the government.

The Office of Management and Budget is currently assessing the organization of the Federal economic and community development activities. The Bank will function on an interagency basis pending recommendations in this area.

Economic Development Grants

I propose substantial increases of \$275 million each in the UDAG grant program and the EDA Title IX program. These increases will be used in conjunction with the financing incentives available from the National Development Bank.

Taken together these major increases will help leverage substantial new private sector investment in urban areas and address the long-term economic deterioration experienced by certain urban and rural areas.

Differential Investment Tax Credit

I propose that firms that locate or expand in economically distressed areas be eligible for a differential 5 percent investment tax credit, to a total of 15 percent, for both structures and equipment. The credit would be

available only to firms awarded "Certificates of Necessity" by the Commerce Department based on financing need and employment potential.

Commerce will be authorized to issue up to \$200 million in certificates for each of the next two years.

Air Quality Planning Grants

I propose a \$25 million planning grant program to help cities and communities comply with the Clean Air Act without limiting severely new, private sector investment within their areas.

I have also asked EPA, HUD and EDA to provide technical assistance to help local governments reconcile potential conflicts between air pollution and economic development goals.

Minority Business

Minority businesses are a critical part of the private sector economic base of many cities, communities and neighborhoods, and provide important employment opportunities to city residents.

I propose today two important initiatives which will increase the role of minority businesses in our economy. First, in comparison with FY 1977 levels, we will triple Federal procurement from minority businesses by the end of FY 1979 - an increase over our earlier commitment to double minority procurement.

In addition, I intend to ask all Federal agencies to include goals for minority business participation in their contract and grant-in-aid programs. Five agencies - HUD, Commerce, EPA, Interior and DOT - already have proposed improvements in minority business programs. These programs all build on our successful experience with the Local Public Works Program.

Finally, I intend to facilitate greater interaction between the minority business community and the leaders of our Nation's largest corporations.

Community Development Corporations

I propose that an additional \$20 million be appropriated to the Community Services Administration as venture capital for the most effective Community Development Corporations. This assistance will help them have a substantial impact on their designated areas.

The funding will be made available for projects that receive support from local elected officials, involve leveraging private sector funds and are coordinated with HUD, EDA or the Small Business Administrations.

Role of Private Financial Institutions

An effective urban strategy must involve private financial institutions. I am asking the independent financial regulatory agencies to develop appropriate actions, consistent with

safe, sound and prudent lending practices, to encourage financial institutions to play a greater role in meeting the credit needs of their communities.

First, I am requesting that financial regulatory agencies determine what further actions are necessary to halt the practice of redlining - the refusal to extend credit without a sound economic justification. I will encourage those agencies to develop strong, consistent and effective regulations to implement the Community Reinvestment Act.

Second, I propose the creation of an Institute for Community Investment, under the Federal Home Loan Bank Board. The Institute will bring together appraisers, realtors, lenders, building and insurance companies to develop a consistent approach toward urban lending and to train urban lending specialists.

Third, I propose a pilot program to create Neighborhood Commercial Reinvestment Centers under the Comptroller of the Currency. This proposal is an adaptation of the highly successful Urban Reinvestment Task Force housing credit concept to the commercial credit area. Neighborhood Commercial Reinvestment Centers will be local organizations, comprised

of merchants and neighborhood residents, local government officials, and commercial banks which will provide business credit in urban neighborhoods. SBA, EDA, and HUD will work with the financial regulatory agencies to revitalize specific commercial areas.

Finally, I have asked the Secretary of Housing and Urban Development to chair an interagency task force to evaluate the availability of credit in urban areas and recommend appropriate further action. I have asked the task force to examine and make recommendations with respect to the following areas:

- The availability of mortgage and commercial credit in urban areas, and the impacts of the activities of Federal agencies on such credit;
- Existing mortgage insurance, casualty insurance and business credit insurance programs;
- The full range of urban credit and insurance risk reduction techniques.

III. FISCAL ASSISTANCE

While the fiscal condition of many State and local governments has improved dramatically over the last three years, many cities and communities still are experiencing severe problems. These cities and communities require fiscal assistance from the Federal government, if they are to avoid severe service cutbacks or tax increases.

Supplemental Fiscal Assistance

Cities and communities currently receive fiscal assistance through the Anti-Recession Fiscal Assistance Act (ARFA), which expires on September 30, 1978. This program has been an effective tool for helping States and local governments withstand the fiscal impact of high unemployment.

Current unemployment projections, however, suggest that even if the ARFA program were extended in its current form, it would phase out by mid-FY 1979, when unemployment is expected to drop below six percent. If the program is permitted to phase out, many cities and communities will experience severe fiscal strain.

I propose today that ARFA be replaced with a Supplemental Fiscal Assistance Program, which will provide \$1 billion of fiscal assistance annually for the next two fiscal years to local governments

experiencing significant fiscal strain. Further extension of this program will be considered together with General Revenue Sharing.

Fiscal Relief in Welfare Proposal

In addition, I propose to phase in the fiscal relief component of the Better Jobs and Income Act as soon as Congress passes this legislation, rather than in 1981 as originally planned.

IV. COMMUNITY AND HUMAN DEVELOPMENT

A comprehensive program to revitalize America's cities must provide for community and human needs. This involves both physical facilities, such as parks, recreation facilities, housing and transportation systems, and the provision of health and social services.

Housing Rehabilitation

The conservation and upgrading of our housing stock is important to maintaining the strength of urban areas. Housing rehabilitation improves the quality of community life and provides construction jobs in areas of high unemployment.

I propose an additional \$150 million in FY 1979 for the Section 312 rehabilitation loan program, which will

more than double the existing program. This expanded effort will permit the rehabilitation of small multi-family housing projects in distressed neighborhoods, for which financing presently is inadequate. In addition, expanded Section 312 funding will be used to strengthen the Urban Homesteading program.

Urban Transportation

In many cities, public transportation is inadequately financed. The Federal government has begun to make substantial investments to rehabilitate, revitalize and construct urban transportation systems.

I have already submitted to Congress my proposals to extend and strengthen the highway and mass transit programs.

To supplement these efforts I today propose an additional \$200 million for capital investments in intermodal urban transportation projects. These funds will be used to link existing transportation facilities in selected cities.

Resource Recovery Planning

Solid waste disposal is a growing problem in the many urban areas which face a shortage of landfill sites. At the same time, techniques to recover valuable resources and energy from solid waste have emerged.

I will request \$15 million for the EPA to provide grants of \$300,000 to \$400,000 to cities for feasibility studies of solid waste recovery systems.

Arts and Culture

Cities are centers of culture and art, which thrive on the vitality of the urban environment.

To help renew and develop this artistic and cultural spirit, I propose a new Livable Cities program administered by the Department of Housing and Urban Development, with the participation of the National Endowment for the Arts. This program will provide up to \$20 million in grants to States and communities for neighborhood- and community-based arts programs, urban design and planning, and the creation and display of art in public spaces.

Urban Parks and Recreation

The quality of life in urban areas is critically affected by the availability of open spaces and recreation facilities. Yet hard pressed communities often lack the resources to maintain and invest adequately in these amenities.

To address this problem, I propose a major new Federal grant program. Urban communities will compete for funds to revive and rebuild parks and recreation

facilities. Challenge grants totalling \$150 million will be provided for construction and major rehabilitation of urban recreation systems, such as parks, tennis and basketball courts, swimming pools, bicycle paths, and other facilities. Cities will be awarded grants based on the quality of their planning, the degree of need and their ability to match the Federal funds with private and local contributions.

Social Services

Urban revitalization efforts must be accompanied by efforts to help those in need to improve their own lives. A variety of income support and social service programs are designed to do this. Since 1974, however, the support given to State social service programs by the Federal government has declined in real terms.

I propose an additional \$150 million of new budget authority for the Title XX program. These funds will be used to improve the delivery of social services in urban areas -- ranging from Meals on Wheels for the elderly to day care for children of working mothers -- and to develop greater coordination between local, public and private agencies.

Health Services

Nearly 50 million Americans live in areas without adequate health services. These areas, many of which are in inner cities, suffer from higher infant mortality rates, greater poverty and shortages of health care personnel.

In underserved areas, emergency room and outpatient departments of city hospitals are used as the routine source of medical care by the poor. This service pattern is primarily due to the lack of private physicians. As these departments were not designed to provide comprehensive medical care, the hospital resources are strained and the poor often go without adequate care.

To help meet the primary health care needs of the urban poor and reduce the strain on city hospitals, I propose to expand federally-supported Community Health Centers and to fund city-sponsored programs which provide comprehensive, but less costly, primary care services. The city-sponsored programs will enroll the medically indigent in existing health systems, such as HMOs. They also will help expand locally-supported centers, reform hospital outpatient departments and provide comprehensive health services.

Education

Schools are the focus of community activities in many places. Yet they are seldom fully used or linked to other community and social services.

I intend to provide \$1.5 million to expand the experimental Cities in Schools program which seeks to bridge the gap by uniting a number of social services within schools to better serve both students and their families. We intend to expand this promising new program to 10 pilot schools.

In addition, I urge the Congress to enact the \$600 million increase in the Title I program of the Elementary and Secondary Education Act, which I recently proposed, including my recommendation that \$400 million of these funds be targeted to cities and other areas with high concentrations of low-income families.

V. NEIGHBORHOODS AND VOLUNTEER ORGANIZATIONS

No resource of our urban communities is more valuable than the commitment of our citizens.

Volunteer groups, which gain strength from the selfless efforts of many individuals, make an indispensable contribution to their cities.

Urban Volunteer Corps

I propose a \$40 million program in ACTION to increase the effectiveness of voluntary activities at the local level. With the agreement of local government, the program will create a corps of volunteers at the local level and match their skills with the needs of local governments and community and neighborhood organizations.

It also will provide small grants averaging \$5,000 for voluntary improvement and beautification projects.

ACTION would select, with the concurrence of local government, a lead agency in each city to administer the Urban Volunteer Corps.

Self-Help Development Program

Neighborhood associations are playing a key role in housing and neighborhood revitalization. We must strengthen that role.

I will request \$15 million in FY 1979 for a self-help development program to be administered by the Office for Neighborhoods in HUD.

This new program will provide funds for specific housing and revitalization projects in poor and low-income areas. Each project would involve the participation of local residents, the private sector and local government and would require the concurrence of the mayor.

Crime Prevention

Street crime is a serious problem in America's cities and communities. Over the last few years a number of promising initiatives have been undertaken by community groups and local law enforcement agencies to combat street crime. Escort services for the elderly, centers to help the victims of crime, and neighborhood watchers are examples of promising developments.

I propose a program which will add \$10 million in new resources to existing efforts in the Law Enforcement Assistance Administration for a program operated jointly by ACTION and LEAA. Under this program, mayors and local neighborhood groups will develop community crime prevention programs based on successful pilot models. My reorganization proposals for LEAA and the legislation I will submit to extend the Law Enforcement Assistance Act will strengthen our efforts at crime prevention.

Community Development Credit Unions

Some urban communities are not served by any financial institutions. Community Development Credit Unions address this problem by investing their assets in the communities in which they are established. This type of credit union was first established under the

poverty programs in the 1960's. About 225 exist today, and many are the only financial institutions in their communities.

I am proposing a \$12 million program to provide \$200,000 seed capital for new Community Development Credit Unions, to provide them with an operating subsidy for staff, training and technical assistance.

* * *

The job of revitalizing the urban communities of our country will not be done overnight. Problems which have accumulated gradually over generations cannot be solved in a year or even in the term of a President.

But I believe that a New Partnership--bringing together in a common effort all who have a stake in the future of our communities--can bring us closer to our long-term goals. We can make America's cities more attractive places in which to live and work; we can help the people of urban America lead happier and more useful lives. But we can only do it together.

THE WHITE HOUSE

WASHINGTON

March 26, 1978

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MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT
JIM FALLOWS *Stu Jim*

SUBJECT: Urban Policy Speech

We agree on everything in this draft except the passage in brackets, starting on page 3. Stu feels it is not relevant and will underscore the negative feelings people allegedly have about cities at a time when the President should be identified with positive feelings about the cities. Jim feels that it gives a historical depth and resonance to your outlook on the cities; that it frankly recognizes a genuine ambivalence in the nation's feelings, and thereby wins points for candor; and will win favorable comments from columnists and editorialists, who are easily seduced by the appearance of scholarship.

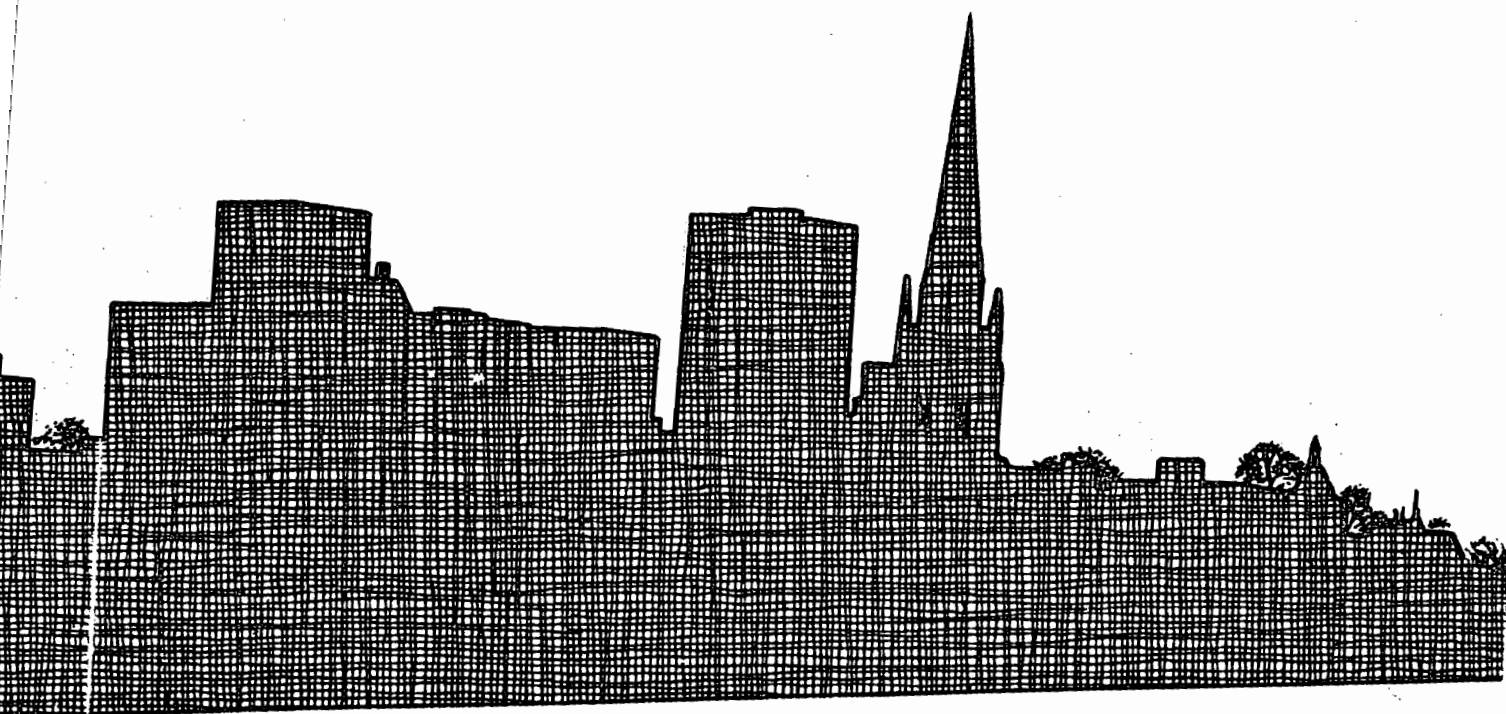
Also attached is a hand-out, largely developed by Bruce Kirschenbaum and OMB, which gives the type of simplified presentation you requested.

The message will be sent under separate cover.

Rick Hertzberg did the drafting of the speech in coordination with Stu's staff, and did a good job.

EMBARGOED FOR RELEASE
at 4:00 P.M. March 27, 1978
Office of the White House Press Secretary

NEW PARTNERSHIP TO CONSERVE AMERICA'S COMMUNITIES



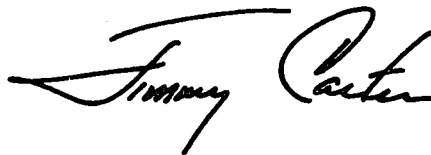
President Jimmy Carter
March 27, 1978
White House

"I think we stand at a turning point in history. If, a hundred years from now, this nation's experiment in democracy has failed, I suspect that historians will trace that failure to our own era, when a process of decay began in our inner cities and was allowed to spread unchecked throughout our society.

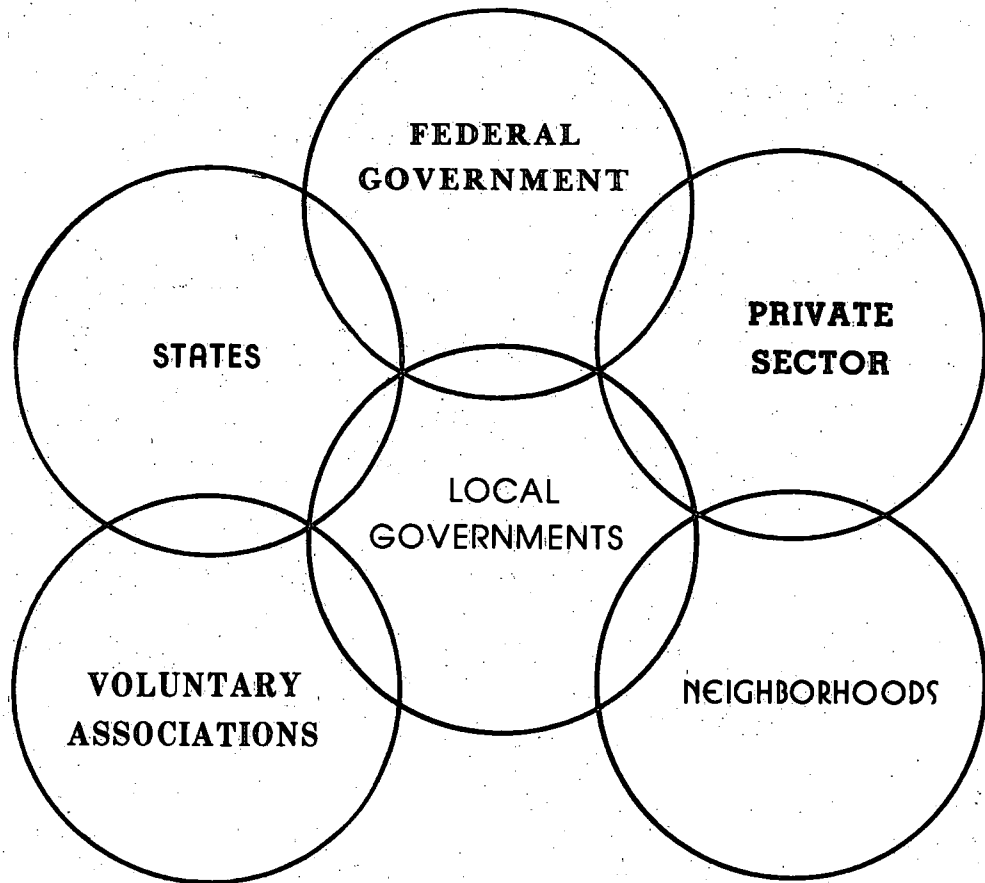
"But I do not believe that must happen. I believe that working together, we can turn the tide, stop the decay, and set in motion a process of growth that by the end of this century can give us cities worthy of the greatest nation on earth."

*—Speech to U.S. Conference
of Mayors*

Milwaukee
June 1976

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned below the typed text.

NEW PARTNERSHIP



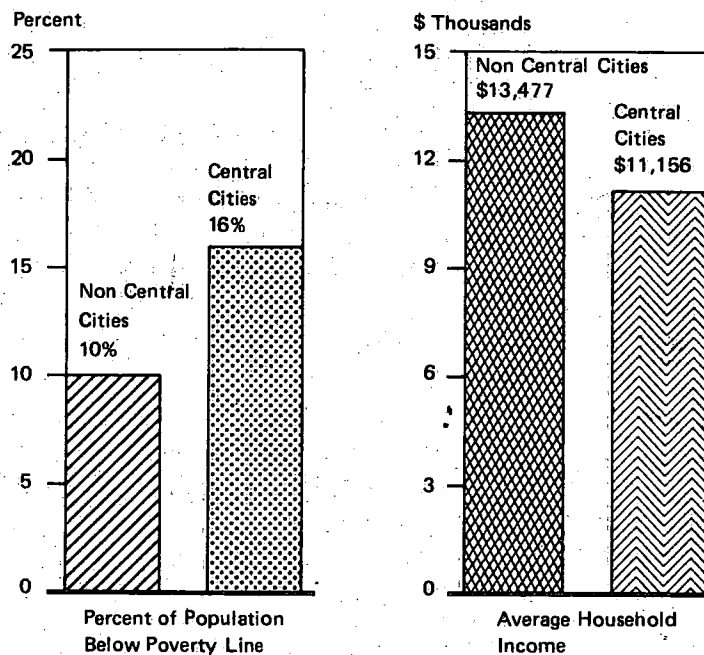
WHY ARE URBAN AREAS IN TROUBLE?

PRIVATE SECTOR JOB LOSS

In most central cities the private sector economic base has declined or stagnated. Minority youth unemployment remains more than 30%.

POPULATION LOSS—LEAVING BEHIND THE POOR AND DEPENDENT

Central City Disparities, 1976



PHYSICAL DETERIORATION

Because of fiscal pressures, states and localities have reduced expenditures for maintenance of public facilities. Deteriorating infrastructure helps cause private sector economic decline and population migration.

CONCENTRATION OF MINORITIES DUE TO LACK OF ACCESS TO OPPORTUNITY

During the 1960's black population in central cities grew by 3.2 million, while white population declined 600,000. As the Kerner Commission stated ten years ago, the problems of cities are tied inextricably to the problems of discrimination and racism.

FISCAL STRAIN AND TAX BURDEN

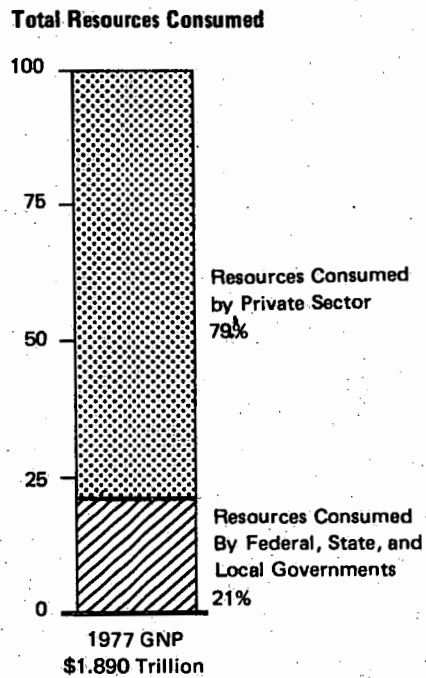
The loss of private sector activity, and of middle-income households, has eroded the tax base of many urban areas. Yet a large dependent population requires significant and increasingly costly essential services. Tax increases or service reductions lead to further outmigration of business and people.

PRINCIPLES OF A NEW PARTNERSHIP

- **Must involve all levels of government, private sector, neighborhoods and voluntary associations.**
- **Improved performance of existing programs by coordination, consolidation, simplification and reorienting resources.**
- **Flexibility to respond to diverse needs of all cities and communities, while recognizing some places will require strategic targeting of resources.**
- **Increased access to opportunities for disadvantaged people.**
- **Leveraging significant private sector resources.**
- **Focusing resources on conserving existing communities.**

WHY A NEW PARTNERSHIP IS NEEDED

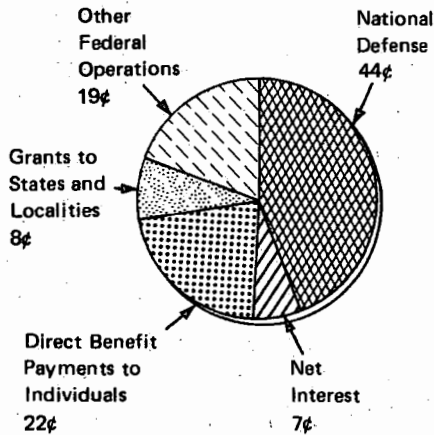
The Federal government does not have sufficient resources or knowledge to solve all of the problems of our urban areas. The Federal government must do its share. However, its most critical responsibility is to act as a catalyst to encourage investment and contribution from the States, local governments, the private sector, and individuals.



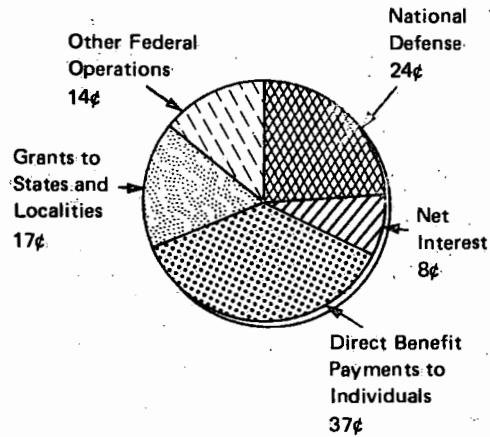
THE FEDERAL GOVERNMENT IS NOW ASSUMING A LARGE SHARE OF STATE AND LOCAL FINANCING

Over the last two decades the federal government has been providing a growing share of revenues to state and local governments. The Federal commitment to solving the problems of places and people is strong.

The Budget Dollar—Where It Goes . . .

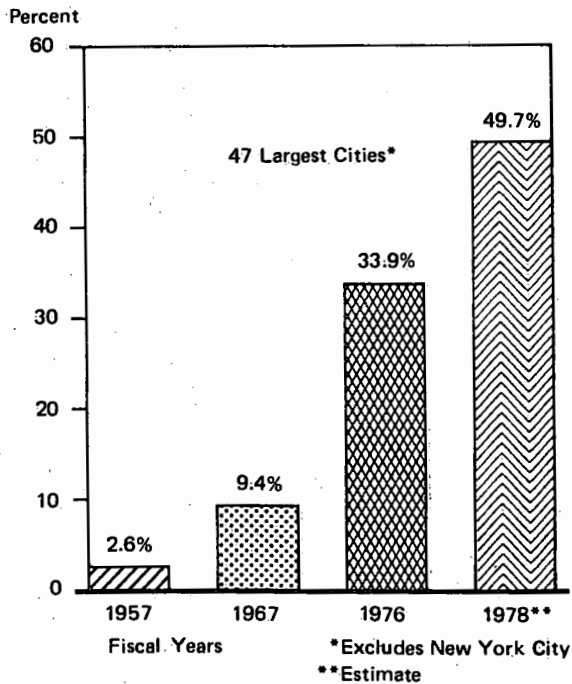


1964

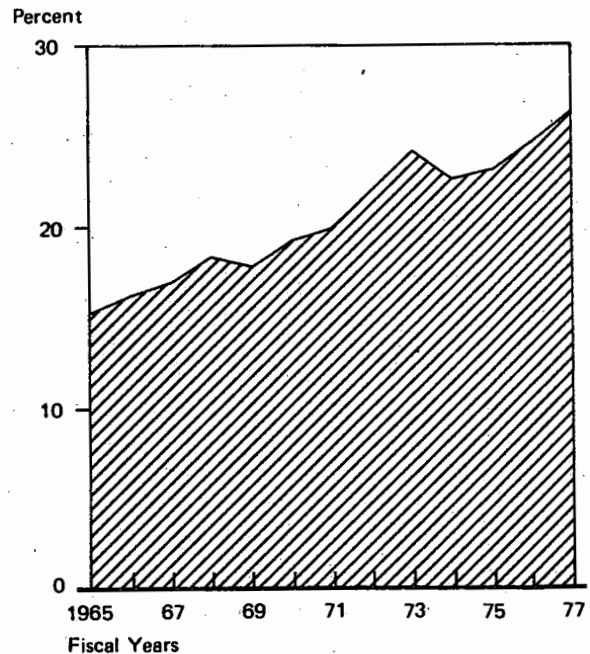


1979

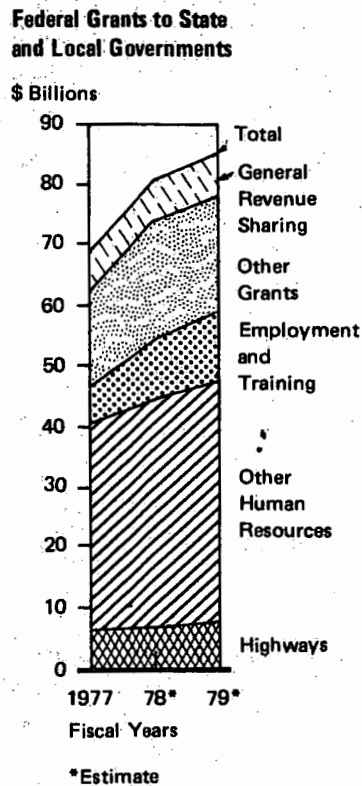
Federal Aid As a Percentage of Local Own Source Revenues



Federal Aid As a Percentage of State and Local Expenditures



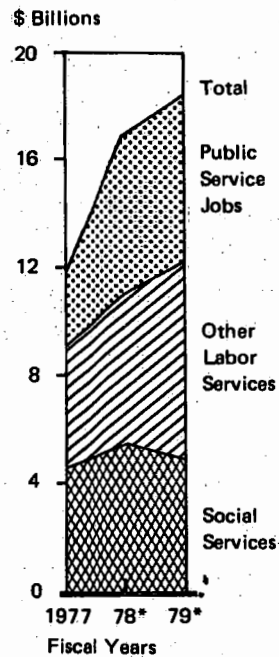
**PRESIDENT CARTER MOVED
IMMEDIATELY TO ADDRESS THESE
PROBLEMS AS SOON AS HE TOOK OFFICE**



Federal Grants-in-Aid to State and local governments have increased 25% since January 1977.

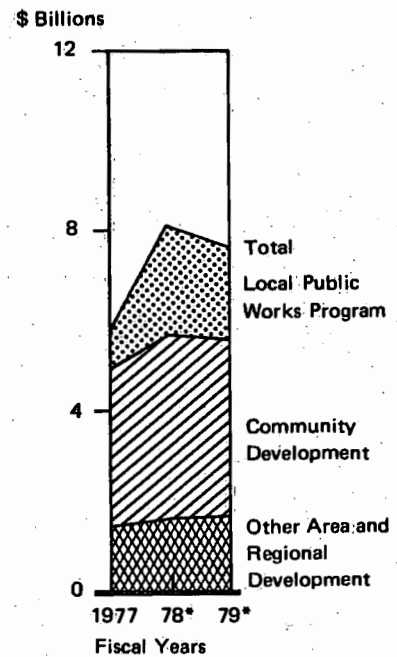
Specific program initiatives include:

Outlays for Training, Employment, and Social Services



*Estimate

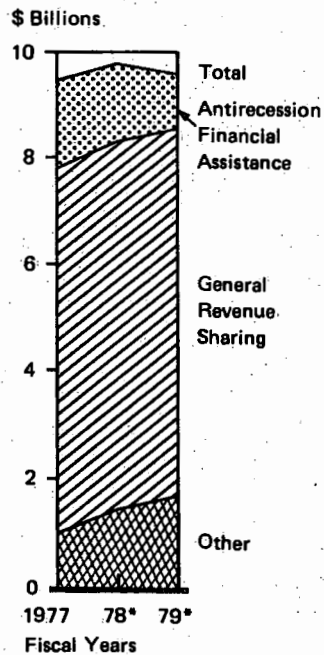
Outlays for Community and Regional Development



*Estimate

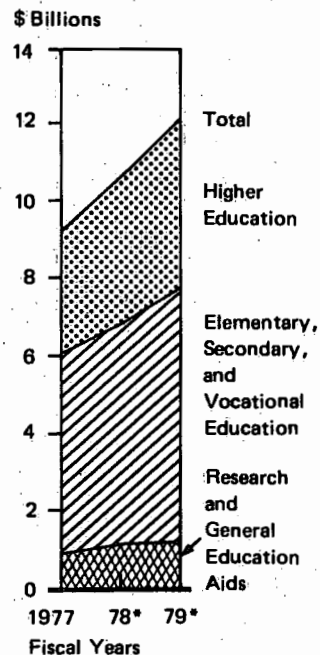
Note: Excludes Disaster Relief and Insurance

Outlays for General Purpose Fiscal Assistance



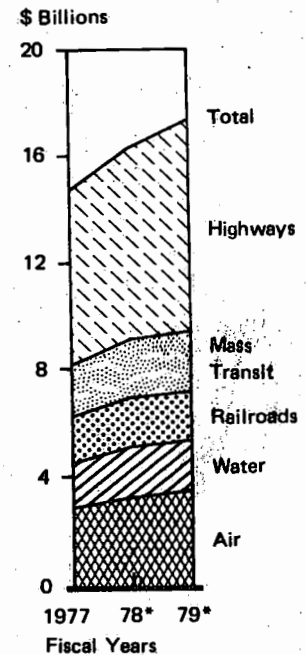
*Estimate

Outlays for Education



*Estimate

Outlays for Transportation



*Estimate

PROGRAM FOR A NEW PARTNERSHIP

The proposals and actions announced today will seek to accomplish the following:

- Improve the effectiveness of existing Federal programs by instituting new coordinating mechanisms, simplifying planning requirements, reorienting resources and making Federal actions more supportive of the urban policy effort.
- Provide employment opportunities, primarily in the private sector, to the long-term unemployed and the disadvantaged in our urban areas.
- Provide needed fiscal relief to the most fiscally strained cities and communities.
- Provide incentives to attract private sector investment to cities and communities through a number of efforts, including the creation of a National Development Bank and targeted tax credits.
- Encourage States and neighborhood groups, for the first time, to become partners in the urban revitalization efforts.
- Provide additional social and health services to disadvantaged households in cities and communities.
- Improve the physical environment and cultural facilities in urban areas by providing additional assistance for housing rehabilitation, mass transit, the arts and recreation programs.

The new initiatives fall into four separate categories.

1. COORDINATION, STREAMLINING, AND REORIENTATION OF FEDERAL, STATE AND LOCAL GOVERNMENT ACTIVITIES

- Create an **Inter-Agency Coordinating Council**. This group would implement the New Partnership by coordinating programs and acting upon projects too large and complex to be handled by one department.
- Institute a **Community Impact Analysis** process. Agencies will submit, as part of their legislative program, analysis of how each initiative affects communities.
- **Consolidation** of community and economic development planning requirements.
- Location of Federal facilities on a priority basis in central cities.
- Targeting of **Federal Procurement** to labor surplus areas.
- New incentive grant program for State governments. States will compete for at least \$200 million in grants which will require them to reorient their own resources and state-controlled federal resources toward existing communities and those in decline or distress.

2. FISCAL ASSISTANCE

The Federal Government will help financially strained communities address their immediate fiscal problems.

- New Supplementary Fiscal Assistance program to replace the present counter-cyclical effort. A new program would provide funding to communities suffering fiscal strain using the \$1 billion already in the FY 79 budget for the existing counter-cyclical program. Only local communities would be eligible and the formula would be highly targeted.
- Fiscal relief portions of the President's welfare reform program would be instituted immediately upon enactment of legislation rather than waiting for implementation of the program—originally scheduled for FY 81.

3. EMPLOYMENT AND ECONOMIC DEVELOPMENT

The Federal government, in cooperation with state and local governments, and the private sector, will seek to:

- provide job opportunities in the private sector for long-term unemployed;
- strengthen private sector economic base of distressed communities.

Employment

- **New "Soft Public Works"** program for \$1 billion per year over three years. This would be a labor-intensive effort to rehabilitate and renovate public facilities. Half of the jobs would be for long-term unemployed and disadvantaged workers referred through the CETA system.
- **New targeted Employment Tax Credit.** A program which would provide a tax credit to employers who hire young CETA referred workers. The credit would be for \$2,000 the first year and \$1,000 the second. The total revenue loss allowed for would be \$1.5 billion per year.

Economic Development

- **Creation of a National Development Bank.** This new entity would be an inter-agency institution with a board composed of the Secretaries of HUD, Commerce and Treasury. The Bank would provide four key financing incentives:
 - An up-front grant of up to 15% (or a maximum \$3 million) of a firm's capital costs for fixed assets of a project. Grants would come from EDA and HUD.
 - In coordination with the grant, a program of \$2.2 billion in loan guarantees (maximum of \$15 million per project) to cover 75% of the remaining capital costs (a small fee will be added). The usual interest rate would be slightly above Treasury rates, but in special circumstances the Bank could subsidize the interest rate down to 2.5%. The grant and loan guarantee would be conditional on obtaining the balance of the financing from private sector commitments.
 - The Bank could increase the limit of tax-exempt or taxable industrial revenue bonds that can be issued in an economically

distressed area. The limit would be raised from \$5 million to \$20 million.

- The Bank would create a secondary loan market for (1) private loans made in eligible areas to finance the remaining portion of the project receiving guarantees or (2) private loans made directly to eligible small and medium-sized businesses to finance capital expenditures.

The incentives would be provided through an intermediary local government economic development authority responsive to the local jurisdiction's public and private leadership.

- Additional funding for economic development programs in HUD and Commerce Department. EDA Title IX and the UDAG program would each receive an additional \$275 million for use with the National Development Bank incentives.
- Additional funding of \$20 million for successful Community Development Corporations (in the Community Services Administration).
- New Investment Tax Credit differential for investment in distressed areas. A 5% differential would be allowed in addition to the proposed permanent 10% ITC (in the President's tax program). Firms locating in distressed communities would apply to the Commerce Dept. for a "Certificate of Necessity" which would be acted upon within 30 days. Once certified the project would be eligible for the differential ITC. The program would be on an experimental basis for two years and limited to \$200 million per year.
- Air quality planning grants to accommodate economic development. Additional funds would be provided to consortia of local governments to develop attainment strategies. Funds would be provided (2/3 of the cost) only to localities which combine or provide close cooperation between their transportation and environmental planning programs. \$25 million would be authorized through EPA.
- Private sector financial institutions will be encouraged to provide greater resources to urban revitalization through a series of new initiatives:
 - Creation of Neighborhood Commercial Reinvestment Centers. This would expand the Urban Reinvestment Task Force housing concept into the commercial credit area. These new "centers" would be local organizations comprised of merchants, residents, government officials, and commercial bankers. The

Comptroller of the Currency would head a Task Force composed of SBA, EDA, HUD, and perhaps the Federal Home Loan Bank Board, FDIC, and the Federal Reserve Board.

- Creation of an Institute for Better Communities. Run by the Federal Home Loan Bank Board, it would bring together all participants in the home lending process with the goal of coordinating the practices of various mortgage lending institutions to develop reinvestment prototypes, a consistent approach to urban lending, and training of urban lending specialists.
- The President will urge financial regulatory agencies to fully implement the Community Reinvestment Act which requires all financial institutions to show they are meeting the needs of their communities. Uniform regulations and practices will be emphasized.

4. COMMUNITY AND HUMAN DEVELOPMENT

The Federal government in cooperation with State and local governments, neighborhood and voluntary organizations and the private sector, will seek to:

- improve the condition of public facilities;
- improve the quality of life in urban areas by improving recreation facilities, arts programs and reducing crime;
- provide adequate housing at affordable costs;
- maintain a decent standard of living and adequate health and education services in existing communities;
- involve neighborhood and voluntary organizations in community revitalization and the delivery of services.

Housing

- Increased funding of \$150 million (in addition to the FY 79 budget proposal for \$125 million) for the HUD Section 312 loan program. This effort provides low-interest loans (at 3%) for rehabilitation of housing. It has been used to revitalize neighborhoods through tenant rehabilitation, urban homesteading, and "sweat equity."

Urban Park and Recreation

- A \$150 million initiative of grants to rehabilitate and maintain urban parks and recreation facilities.

Health

- An inner city health initiative which would provide an additional \$50 million to the Community Health Center (CHC) program.

Social Services

- A targeted Social Service grant program for \$150 million would be instituted to improve delivery of social services to areas with high concentrations of poor people. Provided through states and the existing Title XX program, cooperative efforts would have to be developed among states, localities, and other local public and private agencies to coordinate such services. The target population would be families with incomes below 115% of the median income of their state living in areas of high poverty concentration.

Troubled Schools Program

- Expansion of the Cities in Schools project to assist families and students in troubled schools. This integrates education and human services in local communities through highly individualized assistance. Funding is for \$1.5 million.

Neighborhoods and Volunteers

- Crime prevention efforts directed toward neighborhood involvement in crime-watch, escort services for the elderly, assistance to shop-keepers, and other projects would be instituted through LEAA and ACTION for \$10 million.
- Urban Volunteer Corps in ACTION would be created for \$40 million to (1) match the needs of neighborhood organizations with volunteers with specialized skills; (2) provide small grants (up to \$15,000 with an average of \$5,000) to cover costs of tools, supplies, materials, and administrative support to carry out voluntary projects.
- Neighborhood Self-Help Fund would be created in HUD to provide assistance to neighborhood and voluntary organizations for specific housing and revitalization efforts. Projects would have to involve residents, the private sector, both profit and non-profit, and local and state governments. \$15 million would be authorized.
- Community Development Credit Unions serve the needs of their membership and reinvest assets in neighborhoods where they operate. In many areas, these financial institutions are the only means to

provide such credit assistance. The program, for \$12.4 million, would be jointly administered by the Community Services Administration and the National Credit Union Administration. The money would be used as seed money of approximately \$200,000 for each CDCU.

Transportation

- Intermodal transit programs would be implemented to complement urban economic development purposes and revitalize communities. \$200 million would be used to build new transit facilities, pedestrian transit malls, and support joint public-private development around transportation stations. Coordinated packages with HUD and EDA would be encouraged.

Resource Recovery Planning Grants

- EPA would provide \$15 million in grants to 15-30 cities for planning solid waste resource recovery systems. Grants of \$300,000 to \$400,000 seed money would be provided for feasibility and design studies. This would *not* be to fund design or construction of such systems to recover energy and materials from waste.

Arts and Culture

- A "Livable Cities" program from HUD, with participation by the National Endowment for the Arts, would be implemented to support communities and States for neighborhood and community based arts programs, urban design and planning activities such as Urban Walls in Atlanta, and creation and display of arts in public spaces. Funding of \$20 million would be provided.

Table 1. New Urban Initiatives, 1979-1981
[fiscal years; in millions of dollars]

Function and program	Budget authority			Outlays		
	1979	1980	1981	1979	1980	1981
Natural resources and environment:						
Air quality planning grants to accommodate economic development (EPA)	25	—	—	19	6	—
Solid waste resource recovery planning grants	15	15	15	10	15	15
Subtotal—natural resources and environment	40	15	15	29	21	15
Transportation: multi-modal transportation demonstration grants	200	200	200	20	80	160
Community and regional development:						
Public works (Department of Commerce program emphasizing rehabilitation and renovation of public facilities and training and hiring of disadvantaged workers)	1000	1000	1000	100	900	1000
National Development Bank:						
Grants (from HUD and EDA) to firms for up to 15% of fixed asset capital costs	550	550	550	86	365	475
Coverage of loan losses from loan guarantees	30	75	120	30	75	120
Interest rate subsidies (lower rate to 2.5%)	1000	2000	2000	13	81	220
Increase limit on tax-exempt or taxable industrial revenue bonds to \$20 million in economically distressed areas and revenue "capital expenditure limitation"	730	730	900	15	46	83
Other (expenses, Director's Fund)	50	50	50	10	35	45
Subtotal—National Development Bank	2360	3405	3620	154	602	943
Additional assistance for Community Development Corporations (venture capital for five CDC's)	20	20	20	12	20	20
Urban parks and recreation facilities	150	150	150	2	62	114
Increased funding for HUD's Housing Rehabilitation Loan Program (section 312)	150	150	150	65	160	155
Self-help development program (new HUD grant program)	15	15	15	10	15	15
Community Development Credit Unions (to be administered jointly by National Credit Union Administration and Community Services Administration. Includes new revolving loan fund)	12	—	—	12	—	—
Urban Volunteer Corps (new, ACTION)	40	40	40	25	37	40
Subtotal—community and regional development (BA and outlays)	3747	4780	4995	380	1796	2287
Loan guarantees: up to 1/2 of remaining capital costs up to \$15 million (these figures represent guarantee authority)	(2200)	(3800)	(5000)	—	—	—
"Certificate of Necessity"-based investment tax credits (these figures represent reduction in receipts)	—	—	—	(200)	(200)	—

Table 1: New Urban Initiatives, 1979-1981—Concluded
[fiscal years; in millions of dollars]

Function and program	Budget authority			Outlays		
	1979	1980	1981	1979	1980	1981
Education, training, employment, and social services:						
Relocation assistance (Department of Labor Program to help workers relocate from high unemployment areas to others in which bona fide job offers may be found. Uses existing authority and funds)	—	—	—	—	—	—
Livable cities (National Endowment for the Arts/HUD grants program for urban design and arts)	20	20	20	20	20	20
Urban social services initiative (HEW: increase to state social services—Title XX—program)	150	150	150	150	150	150
Assistance to troubled schools program (expansion of HEW's cities in schools program)	2	2	2	1	2	2
Subtotal—education, training, employment, and social services (BA and outlays)	172	172	172	171	172	172
Targeted employment tax credit (reductions of social security and unemployment insurance taxes for hiring the disadvantaged; these figures represent a reduction in receipts) ¹	—	—	—	(1500)	(1500)	(1500)
Health: increased funds for community health centers	50	50	50	10	20	30
Administration of justice: Community Anti-Crime Programs (LEAA contracts with ACTION)	10	10	10	7	9	10
General purpose fiscal assistance:						
State incentive grant program (Federal grant assistance for State fiscal and development plans and assistance to distressed communities)	200	200	200	125	175	200
Supplementary Fiscal Assistance Program (replaces Anti-Recession Fiscal Assistance—Countercyclical)	—	660	—	—	660	—
Subtotal—general purpose fiscal assistance	200	860	200	125	835	200
Totals:						
Budget authority and outlays	4419	6087	5642	742	2933	2874
Revenue reductions	(1700)	(1700)	(1500)	(1700)	(1700)	(1500)
Loan guarantees	(2200)	(3800)	(5000)	(—)	(—)	(—)
Effect of proposals: (all measures)	8319	11,587	12,142			

¹ Retargeting of existing employment tax credit proposed for deletion in FY79 budget.

Table 2. Grants to Metropolitan Areas Including New Urban Initiatives
[fiscal years; in millions of dollars]

Function	Outlays		Change from 1978 ² Ford budget
	1978 Ford budget (estimate)	1979 estimate ¹	
Grants:			
National defense	25	26	
Energy	15	416	
Natural resources and environment	3,689	4,013	
Agriculture	140	153	
Commerce and housing credit	10	24	
Transportation	4,905	5,899	
Community and regional development	3,777	4,435	
Education, training, employment, and social services	11,602	16,155	
Health	7,909	8,949	
Income security	8,503	10,071	
Veterans benefits and services	21	22	
Administration of justice	628	502	
General Government	30	35	
General purpose fiscal assistance	6,220	6,618	
Total grants	47,474	57,320	
Non-grant initiatives:²			
Community and regional development	34	255	
Health	215	310	
Total	47,723	57,885	21%

¹Includes new urban initiative proposals.

²Includes previously spent or requested amounts in those cases where the urban initiative provides additions to existing programs.

Table 3. Grants to Metropolitan Areas Including New Urban Initiatives
[1979; in millions of dollars]

Function	Budget authority	Outlays
Grants: ¹		
National defense	29	26
Energy	429	416
Natural resources and environment	3,975	4,013
Agriculture	294	154
Commerce and housing credit	36	24
Transportation	6,823	5,899
Community and regional development	5,406	4,435
Education, training, employment, and social services	18,419	16,155
Health	9,278	8,949
Income security	20,843	10,071
Veterans benefits and services	22	22
Administration of justice	465	502
General Government	14	35
General purpose fiscal assistance	11,758	6,618
Total grants	77,791	57,320
Non-grant initiatives: ²		
Community and regional development	2,107	255
Health	350	310
Total	80,248	57,885

¹Includes urban initiative proposals.

²Includes previously spent or requested amounts in those cases where the urban initiative provides additions to existing programs.

THE WHITE HOUSE
WASHINGTON

March 27, 1978

Bob Lipshutz:

The attached was returned in the President's outbox. It is forwarded to you for your information.

Rick Hutcheson

2 PROPOSED EOS "INTERNATIONAL
COMMUNICATION AGENCY" and
IMPORTED OBJECTS OF CULTURAL
SIGNIFICANCE"

THE WHITE HOUSE
WASHINGTON

March 24, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT LIPSHUTZ *RL*

RE: Two Proposed Executive Orders Entitled
"International Communication Agency" and
"Imported Objects of Cultural Significance"

1) The Order entitled "International Communication Agency" implements Reorganization Plan No. 2 of 1977, which established the International Communication Agency (ICA) and makes the Plan effective on April 1, 1978. (One section of the Plan, the provision in which the Director of the ICA replaces the Secretary of State on the Board of Trustees of the Woodrow Wilson International Center for Scholars, will not become effective until July 1, 1978.)

The Order also provides that certain other responsibilities are to be vested in the Director of ICA.

2) The Order entitled "Imported Objects of Cultural Significance" delegates to the Director of ICA the President's authority to permit temporary exhibition of foreign art in this country.

All affected parties have planned on April 1 as the effective date for establishing the ICA. For that reason, the Orders should be signed by March 27. We recommend that you sign both Orders.

✓ Approve

 Disapprove

(TWO SIGNATURES REQUESTED)

J

THE WHITE HOUSE
WASHINGTON

March 27, 1978

The Vice President Frank Moore
Ham Jordan

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

PASSAGE OF THE PANAMA TREATY

cc: Dr. Brzezinski
Secretary Brown
Secretary Vance

THE WHITE HOUSE

WASHINGTON

3-27-78

To Fritz, Cy, Harold, Sam,
Frank

The most important effort
to be made during the next
few days is to insure the
passage of The Panama Treaty.

Work hard on this &
coordinate your efforts. Fritz
will lead.

J. C.

THE WHITE HOUSE
WASHINGTON

March 27, 1978

Zbig Brzezinski:

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

HENRY OWEN

cc: Stu Eizenstat
Ham Jordan
Hugh Carter

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
✓		EIZENSTAT
✓		JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
✓	BRZEZINSKI
	BUTLER
	CARP
✓	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE
WASHINGTON

*36.5 - Great, but
no room on the W.H.
staff. Must be NSC.*

J

ACTION

March 23, 1978

MEMORANDUM FOR: THE PRESIDENT
FROM: ZBIGNIEW BRZEZINSKI
SUBJECT: Henry Owen

[Handwritten signature]

Henry Owen and I have agreed on a proposal that he should work full time at the White House, with responsibilities for economic summits and for foreign economic policy.

The arrangement would be the same as when he prepared for the Summit: He would be supported in his work by the NSC staff.

If you approve this proposal, I will circulate a memorandum about Henry's duties to the Cabinet officers concerned.

I have discussed Henry's coming on board with senior officials specializing in international economic affairs -- Bob Strauss, Mike Blumenthal, and Dick Cooper; they welcome it. We have cleared the definition of Henry's duties in this memo with Charlie Schultze.

_____ Approve

_____ Disapprove

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR:

The Vice President
The Secretary of State
The Secretary of the Treasury
The Secretary of Defense
The Secretary of Agriculture
The Secretary of Commerce
The Secretary of Labor
The Secretary of Health, Education,
and Welfare
The Secretary of Energy
The Director, Office of Management
and Budget
The Administrator, Agency for
International Development
The Chairman, Council of Economic
Advisers
The Special Representative for
Trade Negotiations
The Assistant to the President
for Domestic Affairs and Policy

SUBJECT:

Summit Preparations and
International Economic Policy

The President has appointed Henry Owen to be the President's Special Summit Representative with responsibilities on the White House staff for economic summits and for foreign economic policy. Mr. Owen will be supported by the NSC staff. He can be reached in Room 351, Executive Office Building, on phone 395-5694.

Zbigniew Brzezinski

STAFF COMMENTS

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

24 March 1978

TO: THE PRESIDENT
FROM: RICK HUTCHESON *R.H.*
SUBJECT: Staff Comments on Brzezinski Memo

Hamilton Jordan: "I have advised Zbig that there are no slots available on the White House staff. I have no objection to this if Owen is carried on the rolls of NSC, or possibly the State Department if Zbig could get a commitment from State that they would have a slot for Owen. I object strongly, however, to any consideration of making an additional position available on the White House staff for this purpose."

Hugh Carter: recommends that Owen be assigned as a consultant to either NSC or State, not to the White House Office:

- the work Owen is doing is properly under State/NSC purview
- Owen "told my office he has no preference as to what agency or office he is assigned to"
- there are, at present, 27 White House consultants who work on an intermittent or part-time basis; adding a full-time consultant might be seen as circumventing the announced reduced staff level
- making Owen a regular employee would increase authorized slots from 351 to 352; the 351 figure has been widely publicized.


DPS has no objection to Brzezinski's recommendation in its present form. However, Eizenstat's comment on an earlier version of Brzezinski's memo was to remind you of the Eizenstat/Brzezinski memo of July, 1977 which specified that DPS and NSC would share responsibility for White House coordination of international economic issues.

THE WHITE HOUSE

WASHINGTON

March 10, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: HUGH CARTER 

SUBJECT: Brzezinski Memo re Henry Owen to Join
White House Staff, NSC

I recommend that Ambassador Owen be assigned as a consultant to either NSC or State Department, and not as an employee or consultant to the White House Office for the following reasons:

- the work Ambassador Owen will be doing is properly under the purview of NSC or State; he has told my office he has no preference as to what agency or office he is assigned to;
- although we presently have 27 consultants, they all work on an intermittent or part-time basis; adding Ambassador Owen as a full-time consultant, as we did last spring, could be misconstrued today as a circumvention of our announced reduced staff level;
- making him a regular employee would require some other staff office to give up a slot or an increase in authorized slots from 351 to 352. The 351 figure has been widely publicized by the EOP reorganization study;
- Ambassador Owen has requested that he not become a regular employee because it would prohibit his drawing a full salary in addition to his government position.

THE WHITE HOUSE
WASHINGTON

DATE: 07 MAR 78

FOR ACTION: HAMILTON JORDAN

INFO ONLY: STU EIZENSTAT
HUGH CARTER

BOB LIPSHUTZ

SUBJECT: BRZEZINSKI MEMO RE HENRY OWEN TO JOIN WHITE HOUSE STAFF
NSC

+++++

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: 1100 AM THURSDAY 09 MAR 78 +

+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

Have advised Zbig that there are no slots available on The White House staff. Have no objection to this if Owen is carried on the rolls of NSC, or possibly State Department if Zbig could get a commitment from State that they would have a slot for Owen. Object strongly however to any consideration of making an additional position available on White House staff for this purpose.

H.J. *HJ.*

THE WHITE HOUSE


WASHINGTON

March 13, 1978

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT 

SUBJECT:

Brzezinski Memo Re Henry Owen

Zbig has sent you a memo recommending that you appoint Henry Owen to the White House staff as your "Special Representative for economic summit preparations and follow-up, and to be responsible for White House staff coordination of international economic affairs." Henry would be supported in that role by NSC staff.

While I think it would be appropriate for Henry to continue to coordinate economic summit preparation and follow-up and obviously have no objections if Zbig wants him to serve as his deputy for economics, I do not think you should appoint him (and, in effect, the NSC) as the sole White House coordinator of international economic issues.

As you stated during the campaign and as we have repeatedly recognized during the Administration, international economic issues usually have a substantial (sometimes predominant) domestic policy content. For that reason, Zbig and I wrote you a memo last summer (copy attached) in which we proposed to share the responsibility for the White House coordination of international economic issues, with the lead being determined by the nature of the issue involved. You approved that memo.

In addition, you decided at the outset of the Administration that, unlike President Ford, you would not have a special White House economics coordinator interposed between you, the CEA Chairman, and your other senior Cabinet and White House advisors. To create an international economics coordinator now would not only reverse that earlier decision but would also be widely seen as a downgrading of your CEA Chairman, who now plays a major role in international economic decisionmaking.

For these reasons, I do not think you should assign Henry and the NSC the responsibility for White House coordination of international economic issues. I think that responsibility should continue to be shared by NSC and DPS, as previously agreed.

THE WHITE HOUSE

WASHINGTON

July 29, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

ZBIGNIEW BRZEZINSKI
STU EIZENSTAT

SUBJECT:

Staffing and Management of
International Economic Issues

As you instructed, we have met to work out an approach to ensure that domestic and foreign policy considerations are adequately brought to bear in the staffing and management of international economic issues for your decision. We believe that the following arrangement will best achieve this objective:

1. Mike Blumenthal will be asked that Brzezinski and Eizenstat participate ex officio in his EPG Steering Group (Blumenthal, Lance, Schultze, and Cooper). The Group would consider economic issues of major significance and designate a lead agency to prepare the necessary analysis and options.

2. On international economic issues, Eizenstat and Brzezinski will use the following guidelines to determine which of them would work with the lead agency and manage the policy process for your decision:

-- International economic issues where the primary considerations are matters of general economic/domestic policy would be managed by Eizenstat.

-- International economic issues where the primary considerations are matters of foreign/defense policy would be managed by Brzezinski. When appropriate, an issue managed by Brzezinski would be taken up at a PRC meeting chaired by Mike Blumenthal (with Eizenstat in attendance).

-- Eizenstat and Brzezinski would consult closely on all international economic issues, and the one managing a particular issue would include the views of the other in the memorandum which goes to you.

3. International economic issues which do not arise through the Steering Group would be handled by Eizenstat and Brzezinski in accordance with the guidelines set forth above.

WASHINGTON

DATE: 07 MAR 78

FOR ACTION: HAMILTON JORDAN

*XC Corp Nelson*INFO ONLY: STU EIZENSTAT

BOB LIPSHUTZ

HUGH CARTER

SUBJECT: BRZEZINSKI MEMO RE HENRY OWEN TO JOIN WHITE HOUSE STAFF
NSC

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1100 AM THURSDAY 09 MAR 78 +

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: (☒) I CONCUR () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

*Henry has been ^{officially} serving with me on the
Economic Policy Group for months.*

check up David

THE WHITE HOUSE
WASHINGTON

~~High~~

~~SE~~

~~HJ~~

attached

to comment

Schultz also
+ SE

THE WHITE HOUSE
WASHINGTON

3/9/78

To Zbig Brzezinski

This memo is returned to
you without being submitted
per Hamilton Jordan's note
to you.

Rick Hutcheson

cc: Hamilton Jordan

← I spoke
to Ham;
please now
put it
through to the
P.

ZB.

THE WHITE HOUSE
WASHINGTON

3/9/78

TO: Rick Hutcheson

I spoke to Ham; please now
put it through to the President.

Z.B.

THE WHITE HOUSE
WASHINGTON

Need
Schulke

comment

Hold for Charley
to meet w/
H. Owen

THE WHITE HOUSE

WASHINGTON

March 7, 1978

ACTION

MEMORANDUM FOR: THE PRESIDENT
FROM: ZBIGNIEW BRZEZINSKI
SUBJECT: Henry Owen



Henry Owen has agreed to my suggestion that he should, if you approve, work full time on the White House staff, being responsible for economic summits and for coordinating international economic affairs on that staff.

I have discussed Henry's coming on board with the other officers of the government involved in international economic affairs, and they welcome it.

The arrangement would be the same as when he prepared for the Summit; he would be supported in his work by the NSC staff.

If you approve this proposal, I will notify the Cabinet officers concerned.

Approve

Disapprove

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR: The Vice President
 The Secretary of State
 The Secretary of the Treasury
 The Secretary of Defense
 The Secretary of Agriculture
 The Secretary of Commerce
 The Secretary of Energy
 The Director, Office of Management
 and Budget
 The Administrator, Agency for
 International Development
 The Chairman, Council of Economic
 Advisers
 The Special Representative for
 Trade Negotiations
 The Director, Office of Science
 and Technology Policy
 Senior White House Staff

SUBJECT: Summit Preparations and International
 Economic Policy

The President has appointed Henry Owen to be the President's Special Representative for economic summit preparations and follow-up, and to be responsible for White House staff coordination of international economic affairs. Mr. Owen will be supported by the NSC staff. He can be reached in Room 351, Executive Office Building, on phone 395-5694.

Zbigniew Brzezinski

1693

THE WHITE HOUSE
WASHINGTON

March 27, 1978

Hugh Carter:

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Bob Lipshutz
1977 TRAVEL ON AIR FORCE ONE

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
✓		LIPSHUTZ
		MOORE
		POWELL
		WATSON
		McINTYRE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
✓	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	GAMMILL

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

RE: 1977 travel on Air Force One with the President
(including Transition and two family trips on
Air Force Two and First Lady's plane.)

<u>ALTERNATIVES</u>	<u>PAY TAX</u>	<u>OR</u>	<u>REIMBURSE</u>
1 -- Taxpayers <u>do not pay</u> for President's personal travel <u>nor</u> 1st Lady's and Amy's personal travel <u>nor</u> other relatives' personal travel.	None		None
2 -- Taxpayers <u>do not pay</u> for President's, 1st Lady's and Amy's personal travel, but <u>do pay</u> for other relatives' personal travel.	\$1,996.		\$3,811.
3 -- Taxpayers <u>do not pay</u> for President's personal travel, but <u>do pay</u> for 1st Lady's and Amy's and other relatives' personal travel.	2,969.		5,836.
4 -- Taxpayers <u>do pay</u> for personal travel of President, 1st Lady, Amy and other relatives.	3,254.		6,407

TC

THE WHITE HOUSE
WASHINGTON

March 27, 1978

Jim McIntyre:

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

PERSONNEL FOR REIMBURSABLE
DEVELOPMENT PROGRAMS

cc: Zbig Brzezinski

THE WHITE HOUSE
WASHINGTON

Mr. President:

Zbig Brzezinski concurs;
Jack Watson has no comment.

No other staff comments
received.

Rick (wds)

THE WHITE HOUSE
WASHINGTON

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

ACTION	FYI	
<input type="checkbox"/>	<input type="checkbox"/>	MONDALE
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<input type="checkbox"/>	<input type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	<input type="checkbox"/>	JORDAN
<input type="checkbox"/>	<input type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	<input type="checkbox"/>	MOORE
<input type="checkbox"/>	<input type="checkbox"/>	POWELL
<input type="checkbox"/>	<input type="checkbox"/>	WATSON
<input checked="" type="checkbox"/>	<input type="checkbox"/>	McINTYRE
<input type="checkbox"/>	<input type="checkbox"/>	SCHULTZE

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day	

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input checked="" type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	GAMMILL

<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	MOE
<input type="checkbox"/>	PETERSON
<input type="checkbox"/>	PETTIGREW
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WARREN



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

C

MAR 23 1978

MEMORANDUM FOR THE PRESIDENT

FROM: James T. McIntyre, Jr. *Jian*
SUBJECT: Personnel for Reimbursable Development Programs

Governor Gilligan of AID, supported by Under Secretary of State Christopher, is requesting that a pool of 100 personnel be set up to be dispensed to agencies called upon to participate in reimbursable development programs with developing countries. A decision is needed now, because the Army Corps of Engineers is requesting 50 ceilings for a civil works project in Nigeria on which negotiations have begun, and the subject may arise when you visit Nigeria at the end of this month.

Discussion. A number of developing countries no longer have a clear need for concessional development assistance either because of broadly based economic dynamism (e.g., Brazil and Korea) or because of oil export earnings (e.g., Nigeria). Development aid legislation and your recent foreign aid policy decisions call for concessional assistance to be focussed on the poorest countries. Recognizing this, the Foreign Assistance Act encourages U.S. agencies to undertake reimbursable development programs in more advanced countries.

OMB believes these reimbursable programs are useful, but they raise a number of personnel management problems. AID is the coordinator for these reimbursable programs, except those carried out under the Joint Economic Commissions with Saudi Arabia and Iran, which are managed by Treasury and State, respectively. Many reimbursable development projects are carried out by private contractors for federal agencies, but some require the services of federal employees, usually because of special expertise that is not duplicated in the private sector. To date, federal employees working on reimbursable development programs have been absorbed in the regular personnel ceilings of their agencies.

With the increasing tightness of federal employment and a growing number of requests for U.S. personnel to implement reimbursable projects, domestic agencies are less willing than previously to devote scarce

ceilings to reimbursable activities which are outside their priorities. With a rapidly growing program in the poorer countries and no ceiling increases, AID is unwilling to transfer ceilings to domestic agencies for these activities, most of which are outside its "basic human needs" strategy and many of which are not carried out in countries receiving bilateral aid. In most cases, the number of people involved in individual projects is less than ten, but it ranges up to fifty for the Nigerian project.

While reimbursable development projects are subordinate to the major missions of both AID and the participating domestic agencies, these agencies and the State Department point out that such projects have benefits for the United States. Economically, they foster acquaintance with and reliance on U.S. technology, which may lead to expanded commercial opportunities in developing countries. From a foreign policy standpoint, they offer a means for the United States to maintain a constructive bilateral relationship with the "middle income countries" at no budget cost. While the total number of Americans abroad would be increased, personnel working on these programs would be there at the direct request of the foreign governments and would be paid by them.

AID's request for a special pool of 100 ceilings reflects probable requests from developing countries that are now identified. Based on the likelihood of additional requests, OMB believes that 150 ceilings is a more realistic long term figure. With that cushion of 50, we would hope to avoid having to come back and bother you again when further requests materialize. In any event, OMB would be the watch dog over the pool and amounts not requested and not needed would not be used.

Recommendation

While the AID proposal would further increase federal employment and the number of Americans overseas, I believe, on balance, that an increase of up to 150 ceilings is warranted, because the possible benefits are achieved at no budget cost. In the particular case of Nigeria, there will be strong pressures to provide the personnel because negotiations are well advanced based on the assumption that the ceilings would somehow be found. Because other countries are likely to press hard for similar assistance in the future, anything less than a termination of reimbursable development aid will lead to periodic requests from State on a case-by-case basis that you direct AID or the domestic agencies to absorb reimbursable personnel within their ceilings. I believe that the additional ceiling allocation is the preferable course of action.

If you approve of the increase, OMB will review requests on a case-by-case basis and will allocate up to a ceiling of 150. These slots will be specifically earmarked for reimbursable development programs and will be withdrawn as soon as the specific projects are completed.

Decision

Approve

☒

Disapprove

☐

*Administer
Conservatively
J*

ID 781631

THE WHITE HOUSE
WASHINGTON

DATE: 23 MAR 78

FOR ACTION: ZBIG BRZEZINSKI

concur by phone

INFO ONLY: THE VICE PRESIDENT

STU EIZENSTAT

FRANK MOORE (LES FRANCIS)

JACK WATSON

nc

SUBJECT: MCINTYRE MEMO RE PERSONNEL FOR REIMBURSABLE DEVELOPMENT
PROGRAMS

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1200 PM SATURDAY 25 MAR 78 +
+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE
WASHINGTON

✓	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
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	✓	EIZENSTAT
		JORDAN
		LIPSHUTZ
	✓	MOORE
		POWELL
	✓	WATSON
		McINTYRE
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	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE

WASHINGTON

March 27, 1978

9

MEMORANDUM FOR THE PRESIDENT

FROM:

Bob Lipshutz

BL

Pursuant to your direction earlier today regarding the Executive Order relating to the transfer of telecommunications functions, we are having these changes made and I will deliver the revised Order to you as soon as the retyping and proof-reading have been completed this afternoon:

1. Substantively, the changes will be made in accordance with the attached sheet.
2. As to form, including paragraphing and sub-paragraphing, the Order is being changed so as to conform in its format with the recent broad Intelligence Community Executive Order.

Changes to the Executive Order Relating to
the Transfer of Telecommunications Functions

Section 8(o)

Subparagraph (o) of section 8 should be deleted and a new subparagraph (c) should be added to section 12 as follows:

"(c) The Director, Office of Science and Technology Policy shall evaluate by appropriate means, including suitable tests, the capability of existing and planned telecommunications systems to meet national security and emergency preparedness requirements, and report the results and any recommended remedial actions to the President and the National Security Council. "

Section 8(p)

Subparagraph (p) of section 8 should be deleted.

Section 16

Section 16 should be revised to read as follows:

"Sec. 16. The Secretary of Commerce shall participate with other agencies, as appropriate, in the development of Presidential telecommunications policy options. "

PRESIDENT JIMMY CARTER
URBAN POLICY SPEECH
MONDAY, MARCH 27, 1978, 4:00 P.M.

URBAN POLICY UNSCATHED
PARTNERS IN DEVELOPMENT

TWENTY-ONE MONTHS AGO IN MILWAUKEE, I PLEDGED
TO THE UNITED STATES CONFERENCE OF MAYORS THAT IF
I BECAME PRESIDENT, THE CITIES OF OUR COUNTRY WOULD
HAVE A FRIEND, AN ALLY, AND A PARTNER IN THE WHITE HOUSE.

TODAY I WANT TO AFFIRM THAT FRIENDSHIP -- TO CEMENT
THAT ALLIANCE -- AND TO GIVE FORM AND SUBSTANCE TO THAT
PARTNERSHIP.

I AM CONVINCED THAT IT IS IN OUR NATIONAL INTEREST
NOT ONLY TO SAVE OUR CITIES AND URBAN COMMUNITIES,....
BUT ALSO TO STRENGTHEN THEM AND MAKE THEM MORE ATTRACTIVE
PLACES IN WHICH TO LIVE AND WORK.

THE POLICY THAT IS EMBODIED . . .

THE POLICY THAT IS EMBODIED IN THE MESSAGE I AM
SENDING TO CONGRESS TODAY IS DESIGNED TO MARSHAL THE
IMMENSE RESOURCES OF AMERICA IN A LONG-TERM COMMITMENT
TO PURSUE THAT GOAL.

IT IS A COMPREHENSIVE POLICY AIMED BOTH AT MAKING
CITIES HEALTHIER AND AT IMPROVING THE LIVES OF THE PEOPLE
WHO LIVE IN THEM.

THE DETERIORATION OF URBAN LIFE IN THE UNITED STATES
IS ONE OF THE MOST COMPLEX AND DEEPLY ROOTED PROBLEMS
WE FACE.

THE FEDERAL GOVERNMENT HAS THE CLEAR DUTY TO
LEAD THE EFFORT TO REVERSE THAT DETERIORATION.

I INTEND TO PROVIDE THE LEADERSHIP.

BUT FEDERAL EFFORTS ALONE WILL NEVER BE ENOUGH.

TO REACH OUR SHARED GOAL, WE WILL NEED THE COORDINATED
AND ENTHUSIASTIC COOPERATION OF ALL THE PEOPLE AND
INSTITUTIONS THAT HAVE A STAKE IN THE FUTURE OF URBAN
AMERICA -- NOT JUST THE EXECUTIVE BRANCH OF THE FEDERAL
GOVERNMENT, BUT ALSO THE CONGRESS...THE GOVERNORS AND
MAYORS AND COUNTY OFFICIALS...THE PRIVATE SECTOR OF OUR
ECONOMY...THE VOLUNTARY AND NEIGHBORHOOD ASSOCIATIONS...
AND ABOVE ALL THE CITIZENS OF OUR NATION, A SUBSTANTIAL
MAJORITY OF WHOM LIVE IN URBAN AREAS.

EVERYONE IN THIS LAND HAS A PERSONAL STAKE IN
THE HEALTH OF OUR URBAN PLACES.

IN THE COMPLEX WEB OF ECONOMIC, . . .

IN THE COMPLEX WEB OF ECONOMIC, SOCIAL AND CULTURAL RELATIONSHIPS THAT HOLDS OUR SOCIETY TOGETHER,...NONE OF US ARE IMMUNE FROM THE DISTRESS OF OTHERS.

IF WE ARE TO PRESERVE THE SPECIAL VALUES OF URBAN, SUBURBAN, AND RURAL LIFE, WE MUST RECOGNIZE THAT THOSE VALUES ARE INTERDEPENDENT.

TO A GREATER EXTENT THAN EVER BEFORE, THE FUTURE OF OUR CITIES AND THE DESTINY OF OUR NATION ARE JOINED.

I BELIEVE THAT THIS LINK IS NOW RECOGNIZED BY MOST AMERICANS.

YET THROUGHOUT MOST OF OUR HISTORY, AMERICA HAS BEEN AMBIVALENT ABOUT HER CITIES.

REFLECTING THESE CONFLICTING ATTITUDES, DIRECT FEDERAL INVOLVEMENT IN URBAN AFFAIRS HAS FOLLOWED A SEE-SAW PATTERN.

NEW

IN FORMULATING THIS ^{NEW} POLICY, WE HAVE HAD THE BENEFIT
OF PAST EXPERIENCE.

FROM THE EXPERIENCE OF THE URBAN RENEWAL PROGRAM
OF THE 1950's, WE LEARNED TO BE SKEPTICAL OF WHAT
REINHOLD NEIBUHR ONCE CALLED "THE DOCTRINE OF SALVATION
THROUGH BRICKS" -- THE IDEA THAT WE CAN BULLDOZE AWAY
OUR URBAN PROBLEMS.

FROM THE EXPERIENCE OF THE GREAT SOCIETY IN THE
1960's AND DURING MORE RECENT YEARS, WE LEARNED --
DESPITE MANY SUCCESSES -- THAT WE CAN SUCCEED ONLY IF
ALL LEVELS OF GOVERNMENT WORK TOGETHER WITH PRIVATE
CITIZENS AND INTERESTS IN A FULLY COORDINATED WAY TOWARD
COMMON GOALS.

THE TIME HAS COME TO PUT AN END . . .

THE TIME HAS COME TO PUT AN END TO THESE ABRUPT
SWINGS OF POLICY, AND TO REPLACE THEM WITH THE KIND OF
LONG RANGE ~~COMPREHENSIVE~~ URBAN POLICY I PROMISED IN
MILWAUKEE -- "A COHERENT NATIONAL URBAN POLICY THAT
IS CONSISTENT, COMPASSIONATE, REALISTIC, AND THAT
REFLECTS THE DECENCY AND GOOD SENSE OF THE AMERICAN
PEOPLE."

ACKNOWLEDGE

WE MUST AFFIRM THE VALUE OF OUR URBAN COMMUNITIES.

THAT VALUE INCLUDES A PHYSICAL PLANT THAT MUST NOT
BE ALLOWED TO DETERIORATE FURTHER -- TRILLIONS OF DOLLARS
INVESTED IN BUILDINGS, HOUSES, STREETS AND ROADS,
TRANSIT SYSTEMS, WATER AND SEWERAGE NETWORKS, FACTORIES
AND OFFICES.

EVEN MORE IMPORTANT IS THE SOCIAL VALUE OF CITIES
AND URBAN COMMUNITIES TO THOSE WHO LIVE IN THEM AND TO
THE REST OF OUR PEOPLE -- THEIR SERVICES AS CENTERS OF
CULTURE, ENTERTAINMENT AND FINANCE;....THE ENORMOUS
VARIETY OF HUMAN EXCHANGE THEY MAKE POSSIBLE;....THEIR
CREATIVITY AND THEIR CONTRIBUTION TO OUR COMMON LIFE;....
AND THE ROLE THEY HAVE ALWAYS PLAYED AS HOMES FOR PEOPLE
OF ALL CIRCUMSTANCES WHO ARE SEARCHING FOR THE AMERICAN
DREAM OF OPPORTUNITY.

YET MANY OF THESE COMMUNITIES AND THE PEOPLE IN
THEM ARE IN DISTRESS -- AND OTHERS FACE FUTURE HARDSHIP
IF WE FAIL TO ACT.

TODAY, I CALL UPON ALL OF YOU

TODAY, I CALL UPON ALL OF YOU, AND THE INSTITUTIONS
AND GROUPS YOU REPRESENT, TO JOIN ME IN BUILDING A
NEW PARTNERSHIP TO CONSERVE OUR COMMUNITIES -- A WORKING
ALLIANCE OF ALL LEVELS OF GOVERNMENT WITH THE PRIVATE
SECTOR OF OUR ECONOMY AND WITH OUR CITIZENS IN THEIR
COMMUNITIES AND NEIGHBORHOODS. *WILL YOU HELP?*

MAYORS HOLD THE MOST DIFFICULT ELECTIVE OFFICES
IN AMERICA.

IT IS TIME THAT THE REST OF US FULLY SUPPORT THEIR
EFFORTS TO INSURE THAT OUR CITIES WILL NOT MERELY SURVIVE
BUT PROSPER.

THE NEW PARTNERSHIP OFFERS NO QUICK OR EASY SOLUTIONS.
NO SUCH SOLUTIONS EXIST.

BUT IT DOES GIVE US THE TOOLS TO BUILD THE KIND OF
CREATIVE ALLIANCE THAT CAN PRODUCE LONG-TERM SOLUTIONS.

*THIS IS A TOUGH, NO-NONSENSE PROGRAM.
BASED ON EFFICIENCY, EFFECTIVENESS AND
COOPERATION.*

THE NEW PARTNERSHIP IS GUIDED BY THESE PRINCIPLES:

-- SIMPLIFYING AND IMPROVING^{EXISTING} PROGRAMS AND POLICY [AT
ALL LEVELS OF GOVERNMENT]

-- COMBINING THE RESOURCES OF FEDERAL, STATE AND
LOCAL GOVERNMENT, AND USING THEM AS A LEVER TO INVOLVE
THE MUCH GREATER STRENGTH OF OUR PRIVATE ECONOMY TO
CONSERVE AND STRENGTHEN OUR CITIES AND COMMUNITIES;

-- BEING FLEXIBLE ENOUGH TO GIVE HELP WHERE IT IS
MOST NEEDED AND TO RESPOND TO THE PARTICULAR NEEDS OF
EACH COMMUNITY;

-- INCREASING ACCESS TO OPPORTUNITY FOR THOSE
WHO ARE DISADVANTAGED BY ECONOMIC CIRCUMSTANCES OR HISTORY
OF DISCRIMINATION;

-- AND, ABOVE ALL, DRAWING ON . . .

-- AND, ABOVE ALL, DRAWING ON THE SENSE OF COMMUNITY
AND VOLUNTARY EFFORT THAT I BELIEVE IS ALIVE IN AMERICA,
AND ON THE LOYALTY THAT AMERICANS FEEL FOR THEIR OWN
NEIGHBORHOODS.

THE FEDERAL CONTRIBUTION TO THE NEW PARTNERSHIP
IS A LONG-TERM COMMITMENT INVOLVING THREE MAJOR AREAS
OF ACTIVITY:

-- FIRST, THE VERY SUBSTANTIAL INCREASES WE HAVE
MADE AND ARE MAKING IN PROGRAMS THAT DIRECTLY BENEFIT
URBAN COMMUNITIES;

-- SECOND, THE REORIENTATION OF FEDERAL ACTIVITIES
TO MAKE CERTAIN THAT THEY SUPPORT OUR URBAN GOALS;

-- AND THIRD, NEW INITIATIVES TO HELP URBAN COMMUNITIES
FISCALLY AND ECONOMICALLY, AND TO HELP THEIR PEOPLE MEET
HUMAN AND SOCIAL NEEDS.

THIS ADMINISTRATION HAS BEEN COMMITTED TO THE
FUTURE OF URBAN AMERICA FROM THE DAY I TOOK OFFICE.

THAT IS WHY WE DID NOT WAIT UNTIL THE FORMAL
ANNOUNCEMENT OF A NATIONAL URBAN POLICY TO STRENGTHEN
EXISTING EFFORTS AND TO INITIATE NEW PROGRAMS THAT ARE
CRUCIAL TO THAT POLICY.

THE CONGRESS HAS COOPERATED ENTHUSIASTICALLY.

TOTAL ASSISTANCE TO STATE AND LOCAL GOVERNMENTS
HAS ALREADY BEEN INCREASED BY SOME 25 PERCENT, FROM
\$68 BILLION IN FY 77 TO \$85 BILLION IN FY 79.

WE HAVE HAD MAJOR IMPROVEMENTS IN SUCH URBAN-RELATED
PROGRAMS AS THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM, ...
THE NEW URBAN DEVELOPMENT ACTION GRANT PROGRAM, ...AND
URBAN EDUCATION.

I HAVE PROPOSED A DOUBLING IN OUR . . .

I HAVE PROPOSED A DOUBLING IN OUR EXPENDITURES
FOR EMPLOYMENT AND TRAINING TO OVER \$12 BILLION IN 1979
AND WE HAVE ALREADY INCREASED THE NUMBER OF PUBLIC SERVICE
JOBS BY 150 PERCENT.

IN MANY OF THESE PROGRAMS WE ARE ENLARGING THE
SHARE PROVIDED TO CITIES AND COMMUNITIES.

AND I HAVE ASKED FOR THE ABOLITION OF THE PRESENT
DISASTROUS WELFARE SYSTEM AND ITS REPLACEMENT WITH A
FAIR AND WORKABLE PROGRAM FOR BETTER JOBS AND INCOME
THAT WILL PROVIDE IMMEDIATE FISCAL RELIEF TO STATE AND
LOCAL GOVERNMENTS.

BUT INCREASES IN OUR SPENDING CANNOT BE A
SUBSTITUTE FOR OVERALL EFFECTIVENESS.

NOR ARE THEY THE SOLE MEASURE OF OUR COMMITMENT.

FOR THOSE WHO LIVE IN OUR URBAN AREAS, THE GRAVEST
FLAW IN PAST FEDERAL POLICY WAS NOT THAT WE FAILED TO
SPEND MONEY.

IT WAS THAT TOO MANY OF THE PROGRAMS WERE INEFFECTIVE
AND TOO MANY THAT DID WORK HAD THEIR BENEFITS CANCELLED
OUT BY OTHER ^{CONFLICTING} FEDERAL AND STATE ACTIVITIES.

IN DEVELOPING THE NATIONAL URBAN POLICY, WE TOOK
A LONG, HARD LOOK AT THE WORK OF EVERY MAJOR AGENCY IN
THE FEDERAL GOVERNMENT.

IN THE PROCESS, AGENCIES RANGING FROM THE DEFENSE
DEPARTMENT TO THE GENERAL SERVICES ADMINISTRATION HAVE
BEEN MADE MORE SENSITIVE TO URBAN CONCERNS.

THIS IS THE BEGINNING OF A LONG-TERM . . .

THIS IS THE BEGINNING OF A LONG-TERM CHANGE IN THE
ATTITUDE OF THE ENTIRE GOVERNMENT BUREAUCRACY TOWARD
URBAN COMMUNITIES.

OUR REVIEW GENERATED A LARGE NUMBER OF PROPOSALS
FOR CHANGES IN EXISTING PROGRAMS.

SOME WILL REQUIRE LEGISLATION; MOST CAN BE DONE
THROUGH ADMINISTRATIVE ACTION.

THERE ARE MORE THAN 150 OF THEM. LET ME MENTION
JUST A FEW.

-- ALL AGENCIES WILL DEVELOP GOALS AND TIMETABLES
FOR MINORITY PARTICIPATION IN THEIR GRANTS AND CONTRACTS --
FIVE MAJOR AGENCIES HAVE ALREADY BEGUN.

-- THE DEFENSE DEPARTMENT WILL SET UP A NEW PROGRAM
TO INCREASE PROCUREMENT IN URBAN AREAS.

-- THE ENVIRONMENTAL PROTECTION AGENCY WILL MODIFY
ITS WATER AND SEWER PROGRAMS TO DISCOURAGE WASTEFUL SPRAWL.

-- AND THE GENERAL SERVICES ADMINISTRATION WILL RETAIN
FACILITIES IN URBAN AREAS AND WILL PUT NEW ONES THERE.

IF THE KIND OF REVEIW THAT LED TO THESE CHANGES
HAD BEEN DONE ON A REGULAR BASIS IN THE PAST, OUR URBAN
PROBLEMS WOULD BE LESS SEVERE TODAY.

AS A KEY COMPONENT OF THE COMPREHENSIVE URBAN POLICY,
I AM ESTABLISHING A CONTINUING MECHANISM TO ANALYZE THE
EFFECTS OF NEW FEDERAL POLICIES AND PROGRAMS ON OUR
COMMUNITIES.

ONCE THAT MECHANISM IS IN PLACE

ONCE THAT MECHANISM IS IN PLACE, ANALYSIS OF THE
URBAN AND REGIONAL IMPACT OF NEW PROGRAMS WILL BE AN
INTEGRAL AND PERMANENT PART OF ALL POLICY DEVELOPMENT
THROUGHOUT OUR GOVERNMENT.

I BELIEVE THIS REORIENTATION OF FEDERAL ACTIVITIES
TO TAKE ACCOUNT OF THE NEEDS OF OUR COMMUNITIES WILL BE
AS SIGNIFICANT AS ANY ACTION THE FEDERAL GOVERNMENT
COULD TAKE.

BUT EVEN WITH SUBSTANTIAL INCREASES AND IMPROVEMENTS
IN EXISTING PROGRAMS, GAPS REMAIN.

THE NEW INITIATIVES I AM PROPOSING TODAY --
\$4.4 BILLION IN BUDGET AUTHORITY,.....\$1.7 BILLION IN NEW
TAX INCENTIVES,.....AND \$2.2 BILLION IN LOAN GUARANTEES --
ARE DESIGNED PRECISELY TO FILL THOSE GAPS.

TO MAKE GOVERNMENT AT ALL LEVELS MORE EFFICIENT,
I PROPOSE INCENTIVES TO CITIES WITH COORDINATED
ECONOMIC DEVELOPMENT PLANS;....A SIMPLIFICATION OF
PLANNING REQUIREMENTS;....AND A NEW COORDINATING
MECHANISM FOR FEDERAL PROGRAMS.

TO HELP RELIEVE THE DISTRESS OF THE MOST FISCALLY
STRAINED COMMUNITIES, [I PROPOSE TO] REPLACE THE EXPIRING
COUNTER-CYCLICAL AID PROGRAM WITH A NEW FISCAL ASSISTANCE
PROGRAM TARGETED ON THOSE COMMUNITIES WITH THE HIGHEST
UNEMPLOYMENT RATES.

TO ENCOURAGE THE STATES TO CHANNEL ADDITIONAL
RESOURCES TO THEIR DISTRESSED AREAS, [I PROPOSE] A NEW
INCENTIVE GRANT PROGRAM.

TO PROVIDE INCREASED OPPORTUNITIES . . .

TO PROVIDE INCREASED OPPORTUNITIES FOR OUR
UNEMPLOYED, [I PROPOSE] A NEW EMPLOYMENT TAX CREDIT
TO ENCOURAGE PRIVATE INDUSTRY TO HIRE JOBLESS YOUNG
PEOPLE, WHOSE PLIGHT IS AMONG THE MOST SERIOUS HUMAN
PROBLEMS OF OUR SOCIETY.

AND [I HAVE PROPOSED] A NEW PROGRAM TO ENCOURAGE
PRIVATE INDUSTRY, IN PARTNERSHIP WITH MAYORS, TO HIRE
AND TRAIN MORE DISADVANTAGED WORKERS.

TO STRENGTHEN THE ECONOMIC BASE OF CITIES, [I PROPOSE]
MAJOR INCENTIVES TO PRIVATE INVESTMENT IN URBAN AREAS
THROUGH INCREASED AND AFFORDABLE CREDIT FROM A NEW
NATIONAL DEVELOPMENT BANK, EXPANDED GRANTS, AND A NEW
TAX INCENTIVE.

AND [I PROPOSE] AN INNOVATIVE PROGRAM OF LABOR-INTENSIVE
PUBLIC WORKS AIMED AT REPAIRING AND REHABILITATING THE
EXISTING FACILITIES OF OUR COMMUNITIES.

AN INNER CITY HEALTH AND SOCIAL SERVICE INITIATIVE,
TOGETHER WITH EXPANDED SUPPORT FOR MASS TRANSIT,...
HOUSING REHABILITATION,...AN URBAN PARKS AND RECREATION
INITIATIVE,...AND A NEW ARTS AND CULTURAL PROGRAM
WILL PROMOTE COMMUNITY AND HUMAN DEVELOPMENT IN OUR ^{AND PRESERVE HISTORIC BUILDINGS} ~~URBAN AREAS~~
URBAN AREAS.

AND TO MARSHAL THE THOUSANDS OF AMERICANS WHO
WANT TO CONTRIBUTE THEIR TIME AND ENERGY TO THE
BETTERMENT OF THEIR NEIGHBORHOODS, I AM PROPOSING
NEIGHBORHOOD REHABILITATION AND ANTI-CRIME PROJECTS
AND A NEW URBAN VOLUNTEER CORPS.

ALTHOUGH WE
~~THESE PROGRAMS TOGETHER~~ RECOGNIZE THAT THE
FEDERAL GOVERNMENT DOES NOT HAVE THE RESOURCES BY ITSELF
TO DO THE JOB,

BUT WE ARE READY TO PROVIDE

~~BUT~~ WE ARE READY TO PROVIDE THE LEADERSHIP,
THE COMMITMENT AND THE INCENTIVES WHICH WILL ENCOURAGE
ALL SECTORS OF OUR COUNTRY TO REBUILD AND MAINTAIN
THE QUALITY OF AMERICA'S COMMUNITIES.

ONLY THROUGH UNPRECEDENTED CONSULTATION AND
COOPERATION HAS THIS URBAN POLICY BEEN EVOLVED.

THOUSANDS OF GOVERNMENT OFFICIALS AND PRIVATE
CITIZENS HAVE WORKED FOR MANY MONTHS TO REACH THIS
GOAL, AND NOW THIS SAME MUTUAL EFFORT CAN INSURE
SUCCESS IN IMPLEMENTING THE PROPOSALS.

THIS JOB WILL NOT BE DONE OVERNIGHT.

PROBLEMS WHICH HAVE BUILT UP OVER GENERATIONS
CANNOT BE REVERSED IN A YEAR OR EVEN IN THE TERM OF
A PRESIDENT.

BUT LET THERE BE NO DOUBT THAT TODAY MARKS A
TURNING POINT.

FOR TODAY WE COMMIT THE FEDERAL GOVERNMENT
TO THE LONG-TERM GOAL OF MAKING AMERICA'S CITIES
MORE ATTRACTIVE PLACES IN WHICH TO WORK AND LIVE --
AND HELPING THE PEOPLE WHO LIVE IN THEM LEAD HAPPIER
AND MORE USEFUL LIVES.

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Frank Moore:

Please deliver Congressional
letters.

THE WHITE HOUSE
WASHINGTON

March 27, 1978

Stu Eizenstat
Bob Linder

The attached was returned in
the President's outbox today
and is forwarded to you for
your information. The signed
original has been given to
Bob Linder for appropriate
handling.

Rick Hutcheson

cc: Bob Linder

cc: Frank Moore

CB RADIO IMPORT RELIEF CASE

Last Day - Monday, April 3, 1978

THE WHITE HOUSE
WASHINGTON

March 24, 1978

*old - but
economically it's
a mistake*

JP

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
SUBJECT: CB Radio Import Relief Case

PROBLEM

In this escape clause case for the CB radio industry, three ITC Commissioners recommended increased tariffs (a five-year remedy involving an increase of 30 percentage points in the first year) and three recommended adjustment assistance. No matter what action you take in this case, your decision will be subject to the possibility of a Congressional override.

BACKGROUND

The CB radio industry has undergone a boom-bust cycle since 1972. Total sales (both domestic production and imports) increased from \$47 million in 1972 to \$940 million in 1976 and then fell off to roughly \$500 million in 1977. The dollar volume of domestic production increased ten fold from 1972 to 1976 and the dollar volume of imports increased over twenty times. Even in the smaller market of 1972, imports (most of which come from Japan) accounted for almost 80 percent of domestic consumption; the penetration ratio is now over 90 percent.

By 1977, the CB boom had turned to bust (due to declining demand, domestic and foreign overproduction, and new technical requirements promulgated by the FCC): all domestic and foreign manufacturers lost money and many went bankrupt. The inventory accumulation in the U.S. alone is sufficient to supply six to twelve months of consumption at the current rates. There are presently seven U.S. manufacturers of CBs (two of which account for 85 percent of U.S. production) and less than 800 CB workers (down from 3,300 in 1976).

OPTIONS

None of the agencies recommend that you adopt the ITC tariff remedy. The Trade Policy Committee has proposed two options for your consideration:

- I. A three-year tariff providing for a tariff increase of 15 percentage points in the first year (the three ITC Commissioners recommended a five-year remedy with a tariff increase of 30 percentage points in the first year). Commerce, Labor, Agriculture, Interior, Ambassador Strauss, and I favor this option.
- II. Expedited adjustment assistance. State, Treasury, and CEA favor this option.

The basic arguments in favor of the tariff remedy proposed by Ambassador Strauss (Option I) are:

1. The remedy will provide some economic assistance to an almost decimated domestic industry.
2. Because CB radios are a non-essential final consumer good (and are not counted in the CPI) rather than an intermediate item like fasteners and because of the large inventory overhang, this remedy is likely to have a negligible impact on inflation.
3. This relief will effectively preclude a Congressional override in this case and may relieve some of the pressure for a Congressional override in the fastener case. In the fastener case, we denied relief partly on the ground that the domestic industry was too profitable. If we deny relief in a case where the domestic industry is on the verge of bankruptcy and the penetration ratio is 90 percent, we may be throwing down the gauntlet to Congress in the whole trade policy area.

The basic arguments against import relief and in favor of expedited adjustment assistance (Option II) are:

1. Tariffs will have some upward impact on prices for CB radios, will not help the short-run problem of the inventory overhang, may further depress demand and prevent the industry from reaching a new, more realistic equilibrium, and could involve consumer and employment cost for the economy as a whole greater than any benefits for the industry.

2. Import restrictions are inconsistent with a tough stance against inflation.
3. Import restrictions provide momentum for protectionist actions abroad and may merely encourage the filing of more escape clause cases at home.
4. Provision of adjustment assistance would not amount to overruling the ITC, since three Commissioners recommended that remedy themselves.

In my opinion, the economic consequences of this case are relatively trivial compared to the overall political/legislative considerations. The tariff remedy proposed by Ambassador Strauss is very modest: It will not restore this "sick" industry to health (it may be that nothing could) or involve any measurable effect on inflation. While tariff relief may not be "cost-effective" in a strictly economic sense, you should view this as a symbolic action taken to keep the growing protectionist sentiment in Congress from overriding our efforts in the international trade area. I agree with Ambassador Strauss that it would be imprudent in an economically insignificant case like this to increase pressure for an override in the fastener case and an all-out Congressional attack on the thrust of our trade policy.

While granting trade restrictions in any case may be symbolically inconsistent with our anti-inflation stance, I do not think that reasonable observers expect us to deny relief in every single trade case regardless of the limited real impact on prices and the long-run threat to price stability inherent in provoking Congress to take a series of protectionist actions. To do so would thwart the entire purpose of the Trade Act of 1974.

Accordingly, I recommend that you select Option I.

DECISION

_____ Option I - Moderate Tariff Increase. (Recommended by Commerce, Labor, Agriculture, Interior, STR, and DPS) FOUR SIGNATURES NEEDED FOR OPTION ONE

_____ Option II - Expedited Adjustment Assistance. (Recommended by State, Treasury, and CEA) SIX SIGNATURES NEEDED FOR OPTION TWO